



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**July 02, 2007**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank in Wewoka  
Charter Number 14322**

**200 South Wewoka  
Wewoka, OK 74884**

**Comptroller of the Currency  
Tulsa (eastern Oklahoma)  
7134 South Yale Executive Ctr. Bldg., 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.**

## ***THE FIRST NATIONAL BANK IN WEWOKA'S CRA RATING***

**This institution is rated Outstanding.**

The major factors that support this rating include:

- A substantial majority of the loans are made within the assessment area (AA).
- The performance exceeds standards for lending to borrowers of different incomes and to businesses of different sizes.
- The distribution of consumer, residential mortgage, and business purpose loans among AA geographies of different income levels exceeds the standard for satisfactory performance.
- The loan-to-deposit ratio is satisfactory.
- The bank is outstanding in meeting the lending needs of the assessment area.
- The bank has not received any consumer complaints regarding Community Reinvestment Act (CRA) performance.

**The First National Bank, in Wewoka is committed to serving the community. This is demonstrated by their Outstanding lending performance as described in this Public Disclosure.**

Note: Throughout this evaluation of the First National Bank in Wewoka will be referred to as "FNB."

## ***DESCRIPTION OF First National Bank, in Wewoka***

FNB is a 43 million dollar community bank located in Wewoka, Oklahoma. The main bank and drive-in facility are located in downtown Wewoka. There are no branches. FNB does issue automated teller machine (ATM) cards. FNB has four ATMs, all located in the assessment area. The bank's primary focus is to serve commercial and consumer customers in Wewoka and the surrounding areas. The bank meets these needs by providing various loan and deposit products, as well as, Internet banking and 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 38 percent of total assets as of March 31, 2007. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

Commercial Real Estate Loans	912	5.54%
Commercial Loans	2,824	17.14%
Residential Real Estate Loans	6,567	39.86%
Farm Production Loans	756	4.59%
Farm Real Estate Loans	1,031	6.26%
Consumer Loans	3,598	21.84%
Other Loans	786	4.77%
<b>Total</b>	<b>16,474</b>	<b>100.00%</b>

Bank lobby services are provided Monday through Friday. The drive-in is open Saturday until noon. FNB faces competition from several other financial institutions in the assessment area. Based on FNB's financial condition, the local economy, product offerings, competition, and prior performance, FNB has the ability to meet the various credit needs in the community. At our last CRA examination as of May 7, 2001 the bank's CRA rating was "Outstanding." No legal impediments or other factors hinder the bank's ability to provide credit in the assessment area.

# 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. The assessment area includes all of Seminole and Hughes counties. Both are located in non-metropolitan areas. There are five distressed middle-income nonmetropolitan tracts within the assessment area. FNB is located in a moderate-income tract in the middle of the assessment area. The following table describes major demographic and economic characteristics of the assessment area.

Population	
Number of Families	10,558
Number of Households	14,925
Geographies	
Number of Census Tracts/BNA	14
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	42.86
% Middle-Income Census Tracts/BNA	57.14
% Upper-Income Census Tracts/BNA	
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	30,369
2004 HUD-Adjusted MFI	42,600
Economic Indicators	
2000 Median Housing Value	41,353
# of Households Below Poverty Level	3,093

The local economic conditions are depressed. Twenty-one percent of the population is below the poverty level. The largest employers in the area are county government operations and public school systems. FNB's major competitors include several similar sized community banks located in or near the assessment area.

We contacted a local city official to gain a better understanding of the needs of the citizens residing within the assessment area. The official stated that FNB, as well as, the other local banks are all active in the community and responsive to the credit needs in the assessment area.

## ***CONCLUSIONS ABOUT PERFORMANCE CRITERIA***

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

To evaluate the FNB's lending performance, a random sample of 60 loans was reviewed. Major loan products offered by the bank were sampled and consisted of 20 consumer loans, 20 residential real estate loans, and 20 commercial loans, originated since December 31, 2002. Based on the analysis and consistent with available resources and capabilities, FNB is meeting the credit needs of the assessment area in an outstanding manner.

### ***Loan-to-Deposit Ratio (LTD)***

The loan-to-deposit ratio is satisfactory. The bank's LTD ratio since the last examination has averaged 50.93%, which is below peer banks that averaged a LTD ratio of 68.98% over the same time period. Although below peer banks, FNB originates sufficient loans to meet the lending needs of the AA. All peer banks had branches.

<b>Institution</b>	<b>Assets (as of 12/31/2000)</b>	<b>Average LTD Ratio</b>
Bank of Commerce, Wetumka	37MM	76.34%
Security State Bank, Wewoka	64MM	61.62%
<i>First National Bank in Wewoka</i>	43MM	50.93%

### ***Lending in the Assessment Area***

FNB's lending in the AA is excellent. A substantial majority of FNB's loans are made within the assessment area. Our analysis determined that 88% of the number and 85% of the dollar amount of all loans were made within the assessment area.

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

FNB's overall distribution of loans by income level of borrowers exceeds the standard for satisfactory performance. The following tables represent the distribution of lending based on the sample of residential real estate, consumer, and business loans located in the assessment area.

FNB’s distribution of residential real estate and consumer loans by income level is excellent. The percentage of the number of residential real estate loans to low-income borrowers is above the percentage of low-income families in the assessment area.

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
Home Purchase	26.09	<b>30.00</b>	20.66	<b>10.00</b>	21.65	<b>20.00</b>	31.60	<b>40.00</b>

Source: HMDA Data and U.S. Census data.

Consumer loan distribution is very good compared to area demographics. Fifty percent of the loans reviewed were made to low or moderate-income households. This is excellent as 46% of the assessment areas population is either low or moderate-income households.

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 Loans	29.03	<b>45.00</b>	17.70	<b>5.00</b>	18.66	<b>20.00</b>	34.61	<b>30.00</b>

Source: Loan sample and U.S. Census data.

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FNB’s loan distribution to small businesses is excellent. The percentage of bank loans to businesses with revenues less than \$1 million is higher than the percentage of businesses with revenues less than \$1 million located in the assessment area. However, a large percentage of business revenues are unknown.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	40.80	2.40	56.80	100
% of Bank Loans in AA by #	<b>95.00</b>	<b>5.00</b>	<b>0</b>	100
% of Bank Loans in AA by \$	<b>88.37</b>	<b>11.63</b>	<b>0</b>	100

Source: Loan sample and Dunn and Bradstreet Data.

***Geographic Distribution of Loans***

FNB’s overall geographic distribution of loans exceeds the standard for satisfactory performance. This outcome is somewhat expected given the geographic location of FNB’s banking facility in the heart of moderate- income census tracts. The following tables represent the geographic distribution of lending based on the sample of residential real estate, consumer, and business loans located in the assessment area.

FNB's distribution of residential real estate loans among AA geographies exceeds the standard for satisfactory performance. Geographic distribution of real estate mortgage loans significantly exceeds the percentage of owner occupied units for moderate-income census tracts.

<b>Geographic Distribution of Residential Real Estate Loans</b>								
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	0	0	<b>40.78</b>	<b>85.00</b>	<b>59.22</b>	<b>15.00</b>	0	0

*Source: HMDA and U.S. Census data.*

FNB's distribution of consumer loans among AA geographies exceeds the standard for satisfactory performance. Geographic distribution of consumer loans in the moderate-income census tracts significantly exceeds the percentage of moderate-income households.

<b>Geographic Distribution of Consumer Loans</b>								
Census Tract 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 Loans	0	0	44.76	<b>65.00</b>	55.24	<b>35.00</b>	0	0

*Source: Loan sample and U.S. Census data.*

FNB's distribution of business loans among AA geographies exceeds the standard for satisfactory performance. Geographic distribution of business loans in the moderate-income census tracts significantly exceeds the percentage of businesses located in the census tract.

<b>Geographic Distribution of Loans to Businesses/Farms</b>								
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
Business Loans	0	0	52.98	<b>55.00</b>	47.02	<b>45.00</b>	0	

*Source Loan sample and Dunn and Bradstreet data.*

### ***Responses to Complaints***

FNB has not received any complaints regarding their performance in helping to meet assessment area credit 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.