



SMALL BANK

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

PUBLIC DISCLOSURE

January 15, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Wood County National Bank
Charter Number 17198**

**417 South Main
Quitman, TX 75783**

**Comptroller of the Currency
ADC-Longview (NE Texas & NW Louisiana)
1800 West Loop 281, Suite 306
Longview, TX 75604**

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.

Wood County National Bank Quitman, Texas has a satisfactory record of meeting community credit needs. This rating is based on the following:

- The bank's loan-to-deposit ratio is satisfactory based on its size and complexity.
- A majority of the bank's loans are extended within its assessment area.
- Credit activity distributed to borrowers of different income levels reflects a reasonable penetration.

DESCRIPTION OF INSTITUTION

Wood County National Bank is a \$65 million bank wholly owned by First Gilmer Bankshares, Inc. The bank is located at 417 South Main, Quitman, Texas. The bank also has full service branches located in Mineola, Texas, located eight miles south of the main office and the Lake Country branch in Emory, Texas, located 21 miles northwest of the main office. The bank has three Automated Teller Machines (ATM's) located at the main office and each branch location. The institution is consumer oriented and offers full service banking. As of December 31, 2003, loans totaled \$29 million and represented approximately 43% of the bank's total assets. The following chart reflects the distribution of the bank's loan portfolio.

Loan Category	\$ (000)	%
Consumer Loans	14,770	50.07
Residential Real Estate Loans	10,245	34.73
Commercial Loans	832	2.82
Commercial Real Estate Loans	3,651	12.38
Total	29,498	100.00%

There are no legal impediments or other factors, which inhibit the bank's ability to meet the credit needs of the community. The bank was rated satisfactory during the prior CRA Examination dated August 16, 1999.

DESCRIPTION OF ASSESSMENT AREA

The Board has designated block numbering areas (BNAs) 9501.00, 9502.00, 9503.00, 9504.00, 9505.00, 9506.00, 9507.00 and 9508.00 in Wood County and BNAs 9501.00 and 9502.00 in Rains County as the bank's assessment area. Neither Wood nor Rains counties are in a Metropolitan Statistical Area (MSA). All of the tracts are contiguous and include the communities of Quitman, Mineola, Winnsboro, Alba, Hawkins, Yantis, Emory and Lake Fork.

The assessment area consists of all middle-income tracts and meets the requirements of the Community Reinvestment Act (CRA). Furthermore, the designated area does not exclude low and moderate-income geographies.

The counties included in the assessment area are located south of Sulphur Springs Texas, and are generally rural in nature. There are no low- or moderate-income tracts; however, there are 10 middle-income tracts. The following table provides a description of the bank's assessment area based on 1990 census data and 2002 Department of Housing and Urban Development (HUD) information:

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	10,490
Number of Households	14,073
<i>Geographies</i>	
Number of Census Tracts/BNA	10
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	0%
% Middle-Income Census Tracts/BNA	100.00%
% Upper-Income Census Tracts/BNA	0%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	\$24,585
2002 HUD-Adjusted MFI	\$21,324
<i>Economic Indicators</i>	
Unemployment Rate	3.00%
2002 Median Housing Value	\$47,468
% of Households Below Poverty Level	17%

These counties have a total population of 36,095. The distribution of families by income level, regardless of census tract location, consists of the following: 18.59% are low-income, 17.98% are moderate-income, 20.96% are middle-income, and 42.47% are upper-income. Major industries in the area include service, retail sales, government, agriculture, manufacturing, fishing and tourism. Competition in the area is considered strong with three other National banks and one State bank in the area.

Contacts with a local realtor in Quitman indicated the primary community credit needs for the assessment area are residential mortgages and consumer loans.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The loan-to-deposit ratio of Wood County National Bank (WCNB) is reasonable given the bank's size, financial condition and assessment area credit needs. The bank's quarterly loan-to-deposit ratio has averaged 62.50% since the prior CRA examination in August 1999. The average loan-to-deposit ratio of banks in the area and of similar size and characteristics, for the same time period, was 55.56%.

Institution	Assets (000s) (as of 12/31/03)	Average LTD Ratio
First National Bank of Emory	70,433	63.31
First National Bank of Mineola	33,732	35.32
First National Bank of Quitman	137,064	64.60
First National Bank of Winnsboro	123,845	66.23
Mineola Community Bank SSB	129,468	30.87
First State Bank of Hawkins	38,885	66.06
Wood County National Bank	65,306	62.50

Lending in Assessment Area

A majority of the bank's lending activity is located within its assessment area. We reviewed a sample of 24 residential loans, which were mortgages that originated in 2001 and 2002, and 25 consumer loans, which were originated during the same time frame. The breakdown by loan category is illustrated in the following table:

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Residential	22	91.67	817	95.68	2	8.33	37.	4.32
Consumer	21	84.00	219	89.62	4	16.00	25	10.38
Total Reviewed	43	87.76	817	95.68	6	12.24	37	4.32

Lending to Borrowers of Different Income Levels

The distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels. The bank's lending to low-to-moderate individuals meets and in some areas exceeds the demographics of the assessment area.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	18.59		17.98		20.96		42.47	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	13.64	11.67	31.82	26.29	31.82	27.60	22.73	34.43

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	24.00		14.20		18.20		43.60	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	38.10	28.01	19.05	14.81	9.52	7.92	33.33	49.26

Geographic Distribution of Loans

A geographic analysis of lending activity in the assessment area was not performed. There are no low- or moderate-income geographies located within this assessment area; therefore, an analysis would not be meaningful.

Responses to Complaints

Management has not received any written complaints related to CRA performance since the prior CRA Examination dated August 9, 1999.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.