



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**June 13, 2005**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Coweta  
Charter Number 6879**

**100 South Broadway  
Coweta, OK 74429**

**Office of the Comptroller of the Currency  
Eastern Oklahoma Field Office  
7134 South Yale Avenue, Suite 910  
Tulsa, Oklahoma 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.**

## **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 of Coweta. Prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of **June 13, 2005**. 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.

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

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

## **Institution's CRA Rating: Satisfactory**

The major factors that support this rating include:

- A majority of the bank's loans are made within the assessment area (AA).
- The bank's loan-to-deposit ratio is satisfactory.
- The bank's lending performance to individuals of different income levels and businesses and farms of different sizes is good given the demographics of the AA.
- The bank is doing a reasonable job of originating loans throughout the AA.
- The bank has not received any consumer complaints regarding their CRA performance.

## Description of Institution

FNB is a \$61 million dollar rural community bank located in Coweta Oklahoma. Coweta is located in Wagoner County, approximately 15 miles southeast of Tulsa, Oklahoma. FNB was chartered in 1903 and is owned by First Coweta Corporation, a locally owned, one-bank holding company. FNB serves the AA with a full-service main office and separate drive-thru facility in downtown Coweta, and a full-service branch approximately 5 miles northwest of downtown. The branch includes 5 drive-thru lanes, and a single-lane drive-thru for Automated Teller Machine (ATM) service. FNB also offers a 24-hour telephone banking service. Consumers can obtain general information about loan and deposit products from the bank's website at <http://www.fnbcoweta.com>.

Main bank lobby services are provided Monday through Friday, and Monday through Saturday at the branch facility. FNB offers a wide variety of banking services and loan and deposit products to meet consumer and commercial banking needs, although they also face strong lending competition from several other financial institutions in the AA. A June 30, 2004 FDIC Deposit Market Share Report indicates FNB has the second largest market share of deposits in the AA at 21%. There are no legal or financial impediments to prevent the bank from meeting the credit needs of the AA. The bank received an overall **Satisfactory** rating for the last CRA Public Evaluation dated October 8, 1998.

FNB'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. As of March 31, 2005 the loan portfolio represents 46% of total assets and consists of the following loan types:

Loan Category	\$ (000)	%
Commercial Loans	7,421	27
Residential Real Estate Loans	9,281	33
Consumer Loans	7,306	26
Construction/Land Development	2,073	8
Commercial Real Estate Loans	1,109	4
Other Loans	580	2
<b>Total</b>	<b>27,770</b>	<b>100.00</b>

Source: March 31, 2005 Consolidated Report of Condition and Income

## Description of Assessment Area

FNB’s assessment area meets the requirements of the regulation and does not arbitrarily exclude low-or-moderate income geographies. The AA consists of 16 census tracts located in Wagoner County. The single, moderate-income tract is located approximately 15 miles northwest of Coweta in the city of Tulsa. The tract consists of 649 housing units (584 single family, 64 mobile homes, and 1 is classified as “other”) and 414 (64%) are owner occupied. Banking competition in this area is dominated by main bank and branch bank facilities in Tulsa and Broken Arrow. The following table further describes major demographic and economic characteristics of the AA.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<i>Population</i>	
Number of Families	12,197
Number of Households	14,737
<i>Geographies</i>	
Number of Census Tracts/BNA	16
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	6%
% Middle-Income Census Tracts/BNA	38%
% Upper-Income Census Tracts/BNA	56%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$51,766
2004 HUD-Adjusted MFI	\$53,100
<i>Economic Indicators</i>	
2000 Median Housing Value	\$88,453
# of Households Below Poverty Level	1,085

Source: 2000 United States Census

## Community Contact

We contacted a representative of the local Chamber of Commerce to gain a better understanding of the credit and community development needs of the AA. The representative stated the local banks are active in community development opportunities when available and are also responsive to the credit needs of the AA residents, particularly consumer, real estate, and small business lending.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

To evaluate FNB’s lending performance, we selected a random sample of 20 automobile loans and 20 commercial loans originated since January 2003. Our sample of residential real estate loans consisted of all loans reported on the bank’s 2003 and 2004 Home Mortgage Disclosure Act (HMDA) reports.

## Loan-to-Deposit Ratio (LTD)

FNB's quarterly average LTD ratio meets the standards for satisfactory performance in light of the bank's size, financial condition, and comparison to peer banks. The bank's quarterly average LTD ratio since the October 8, 1998 CRA Public Evaluation is 51% compared to a peer bank average over the same period of 77%. FNB's peer group includes three commercial banks headquartered in the AA. Two of these peer banks have multiple assessment areas that provide the banks with a much greater geographic area to originate loans. The third peer bank's AA is similar to FNB's and their average LTD ratio is 56%.

## Lending in the Assessment Area

The level of FNB's lending activities within the AA meets the standards for satisfactory performance, as a majority of the number and dollar amount of FNB's loans (78% and 82%, respectively) are within the AA.

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

Recent lending patterns within the bank's AA indicate FNB exceeds the standards for satisfactory performance. The tables below summarize our conclusions regarding the bank's lending activities for each of the loan types we sampled.

Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA families	% of loans reviewed	% of AA families	% of loans reviewed	% of AA families	% of loans reviewed	% of AA families	% of loans reviewed
Residential RE Loans	14%	18%	17%	26%	24%	27%	45%	29%

Source: 2003 and 2004 HMDA reports and 2000 United States Census.

Borrower Distribution of Automobile Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA households	% of loans reviewed	% of AA households	% of loans reviewed	% of AA households	% of loans reviewed	% of AA households	% of loans reviewed
Automobile Loans	16%	30%	13%	35%	21%	15%	50%	20%

Source: Loan sample and 2000 United States Census.

Borrower Distribution of Loans to Small Businesses				
Gross Annual Revenues of Business	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA businesses	73%	3%	24%	100%
% of loans reviewed	100%	0%	0%	100%

Source: Loan sample and 2000 United States Census

## Geographic Distribution of Loans

The geographic distribution of automobile, residential real estate, and business loans within the bank's AA indicate FNB's lending performance meets the standards for satisfactory performance. There are no low-income census tracts in the bank's AA, although it is evident from our loan sample that FNB completes a reasonable level of loan transactions in the moderate-income census tract given the tract characteristics described earlier in this evaluation. To complete our review of residential real estate lending performance we used the bank's 2003 and 2004 HMDA reports. These reports indicate that FNB did not receive any real estate loan applications from consumers in the moderate-income census tract. The tables below summarize our conclusions regarding the bank's lending activities for each of the loan types we sampled.

AUTOMOBILE LOANS				
Census Tract Income Level	LOW	MODERATE	MIDDLE	UPPER
% of AA households	0%	4%	48%	48%
% of loans reviewed	0%	5%	90%	5%

*Source: Loan sample and 2000 United States Census.*

RESIDENTIAL REAL ESTATE				
Census Tract Income Level	LOW	MODERATE	MIDDLE	UPPER
% of AA owner occupied	0%	3%	44%	53%
% of loans reviewed	0%	0%	85%	15%

*Source: 2003 and 2004 HMDA reports and 2000 United States Census.*

BUSINESS LOANS				
Census Tract Income Level	LOW	MODERATE	MIDDLE	UPPER
% of AA businesses	0%	5%	45%	50%
% of loans reviewed	0%	5%	85%	10%

*Source: Loan sample and 2000 United States Census.*

## Responses to Complaints

Neither FNB nor the OCC received any CRA related complaints on FNB since the previous CRA evaluation.

## Compliance with Fair Lending Laws and Regulations

FNB has a satisfactory record of compliance with fair lending laws and regulations.