



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 07, 2001

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

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

**200 South Wewoka Avenue
Wewoka, OK 74884**

**Comptroller of the Currency
Tulsa Field Office (Eastern Oklahoma)
7134 South Yale Executive Ctr. Bldg., Suite 910
Tulsa, OK 74136**

NOTE: 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 Community Reinvestment Act (CRA) performance of First National Bank In Wewoka, Wewoka, OK as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of May 07, 2001. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Note: Throughout this report, First National Bank in Wewoka will be referred to as FNB.

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

- FNB's lending performance is outstanding given its size, financial condition, and known credit needs in its assessment area.
- FNB's loan to deposit (LTD) ratio is good and has averaged 58.29% since our last examination.
- Management demonstrates a willingness to originate loans to low-and moderate-income individuals and small businesses.
- FNB generates a substantial majority of its loans within the defined assessment area.
- FNB provides additional services and community development loans in response to specific needs within the community.
- FNB's geographic distribution of loans to borrowers is excellent. This is based on the bank's strong lending performance in moderate-income census tracts.

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

Description of Institution

FNB is a \$32 million rural community bank located in Wewoka, Oklahoma. FNB is a subsidiary of First Wewoka Bancorporation, a one bank holding company. 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 two ATMs, one located at the bank and one located in a local businesses, T.H. Rogers Lumber Company. 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 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 53% of total assets as of April 30, 2001. 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	1,287	7.5%
Commercial Loans	2,522	14.6%
Residential Real Estate Loans	4,086	23.6%
Farm Production Loans	989	5.7%
Farm Real Estate Loans	2,654	15.4%
Automobile Loans	4,234	24.5%
Other Consumer Loans	1,498	8.7%
Total	17,270	100%

Bank lobby services are provided Monday through Friday. The Drive-up location is open on Saturday. FNB faces strong competition from several other financial institutions in the assessment area. Based on its financial condition, the local economy, product offerings, competition, and prior performance, FNB has the ability to meet the various credit needs in its community. At our last CRA examination as of September 30, 1996 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

FNB's assessment area meets the requirements of the regulation and does not arbitrarily exclude low-or-moderate income geographies. The following table describes major demographic and economic characteristics of the assessment area.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	9,559
Number of Households	13,035
<i>Geographies</i>	
Number of Census Tracts/BNA	14
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	35.71%
% Middle-Income Census Tracts/BNA	57.14%
% Upper-Income Census Tracts/BNA	7.14%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	24,139
2000 HUD-Adjusted MFI	33,300
<i>Economic Indicators</i>	
Unemployment Rate - Seminole County	4.9%
Unemployment Rate - Hughes County	4.61%
2000 Median Housing Value	26,980
% of Households Below Poverty Level	24.56%

The assessment area includes all of Seminole and Hughes counties. Both are located in non-metropolitan areas. FNB is located in a moderate income tract in the middle of 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. She indicated that loans to renovate distressed commercial buildings were needed in order to encourage companies to move their businesses to the Wewoka area. She also stated that FNB is active in the community and responsive to the credit needs in its assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio (LTD)

FNB's LTD ratio is in line with that of peer banks in the assessment area. A stale market and weak economy in the assessment area limit loan demand. As indicated previously, the unemployment rates for Hughes and Seminole counties are 4.6% and 4.9% respectively as of

December 31, 2000. The Oklahoma unemployment rate at that time was only 2.6%. The following table compares FNB's average LTD ratio since the last exam with the two other banks that are headquartered in the assessment area.

Institution	Assets (as of 12/31/2000)	Average LTD Ratio
Bank of Commerce, Wetumka	14MM	58.38%
Security State Bank, Wewoka	35MM	56.98%
<i>First National Bank in Wewoka</i>	32MM	58.29%

The following table shows the trend in the LTD ratio for FNB over the past five years. The LTD ratio steadily increased from 1996-1999. Due to indications of a weakening economy, management made a decision to tighten underwriting standards in 2000. This led to the decline in the LTD ratio from 1999 to 2000.

Date	Total Loans	LTD Ratio
December 31, 1996	14,220	52.83%
December 31, 1997	15,765	55.38%
December 31, 1998	17,161	58.37%
December 31, 1999	19,069	66.30%
December 31, 2000	18,594	61.29%

Lending in the Assessment Area

The vast majority of FNB's loans are made within the assessment area. To assess this criteria, we sampled 20 automobile loans and 20 1-4 family residential real estate loans originated since the last CRA examination. Our analysis determined that 90% of the number and 90% of the dollar amount of auto loans were made within the assessment area. We further determined that 95% of the number and 99% of the dollar amount of residential real estate loans were made within the assessment area.

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Auto Loans	18	90.0%	204,606	90.2%	2	10%	22,182	9.80%
Residential Real Estate Loans	19	95.0%	818,901	98.80%	1	5.0%	9,944	1.20%
Total Reviewed	37	92.5%	1,055,633	97.0%	3	7.5%	32,126	3.0%

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Recent lending patterns indicate a very good 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 within the assessment area and 20 auto loans within the assessment area.

TOTAL LOANS REVIEWED								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	27.74%		18.65%		19.28%		34.32%	
	% of Number	% of Amount						
Auto Loans	45.0%	36.87%	30.0%	24.93%	25.0%	38.21%	0%	0%
Residential Real Estate	5.0%	0.82%	35.0%	17.69%	35.0%	30.88%	25.0%	50.62%
Total	25.0%	8.60%	32.50%	19.25%	30.0%	32.46%	12.50%	39.69%

Our analysis reflects excellent consumer loan penetration to low- and moderate- income families. In addition, the analysis reflected excellent penetration of residential real estate loans to moderate- income families. Our analysis of real estate loans to low-income families did not appear to reflect the make-up of the assessment area. According to census demographic information, approximately 28% of the assessment area is comprised low-income families. The real estate sample indicates that 5% of all the residential real estate loans were made to low-income families. Low-income families have annual incomes of less than \$16,665. As indicated above in the Description of the Assessment Area, 24.56% of households in the assessment area are living below the poverty level. This exceeds the 17% poverty rate for the state of Oklahoma. Borrowers with incomes below the poverty level face economic difficulties that hamper their ability to qualify for home purchase loans which helps to explain the disparity in the percentage of loans made to low-income families versus the percentage of low-income families living in the assessment area.

Small businesses, as defined by the CRA, are businesses that have gross annual revenues of \$1 million or less. All of the bank’s commercial loans are to borrowers who meet this definition.

Geographic Distribution of Loans

The geographic distribution of loans within the assessment area is excellent given the demographics of the assessment area. Our analysis included 20 residential real estate loans in the assessment area and 20 automobile loans in the assessment area. There are 14 census tracts in the bank's assessment area. One is classified as an upper-income tract, eight are classified as middle income tracts and five are classified as moderate-income tracts.

The following table shows the banks distribution of loans among the different census tract types.

Total Loans Reviewed						
	Moderate Tracts		Middle Tracts		Upper Tracts	
	#	\$	#	\$	#	\$
Residential Real Estate Loans	75%	70.73%	25%	29.27%	0%	0%
Auto Loans	90%	85.83%	10%	14.17%	0%	0%
Total	82.50%	73.99%	17.50%	26.01%	0%	0%

The bank has excellent penetration of loans to moderate-income tracts. The majority of the loans reviewed were located in the census tract in which the bank is located, which is a moderate income census tract. There are no conspicuous gaps in FNB's lending patterns.

Responses to Complaints

FNB has not received any complaints relevant to CRA during the evaluation period.

Compliance with Fair Lending Laws and Regulations

A fair lending review was performed as of June 5, 2000 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 lending acts or practices. The bank is in compliance with the substantive provisions of the ECOA.

Additional Community Development Loans and Investments

Bank management provided the following information regarding community development loans and investments that enhance FNB's CRA performance and rating.

- FNB made a \$32,000 loan to construct a day care facility. 98% of the constituents of the day care facility are from low or moderate-income families.
- FNB has a \$10,000 investment in a Community Development Corporation. The corporation was formed to purchase a downtown building and make improvements to the building so that a small business could occupy the space. The total cost of the project was approximately \$150,000.