



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 25, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION_[occ2]

First National Bank & Trust Company of Weatherford
Charter Number 15407
1100 East Main Street
Weatherford, Oklahoma 73096

Comptroller of the Currency
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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.

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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 & Trust Company of Weatherford, Weatherford, Oklahoma, as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of June 25, 2001. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

A **Satisfactory** rating is appropriate based on the bank's demonstrated ability to meet the credit needs of the community. Specifically:

- A substantial majority of the bank's loans are made within the assessment area.
- The bank's loan to deposit ratio is reasonable when compared to banks of similar size and characteristics in the trade area.
- There is a reasonable dispersion of loans to borrowers of different income levels and businesses of different sizes.

The First National Bank and Trust Company of Weatherford is committed to serving the community in which it operates and demonstrates satisfactory lending performance.

DESCRIPTION OF INSTITUTION

First National Bank and Trust Company of Weatherford (FNB), an affiliate of First National Bancshares of Weatherford, Inc., has sufficient resources devoted to meeting community credit needs. FNB's main office and drive-up facility is located at 1100 East Main Street in Weatherford, Oklahoma. In addition, FNB operates two full service branches at 120 South Market Street in Cordell, Oklahoma, and 108 West Main Street in Hinton, Oklahoma. FNB also operates six proprietary automated teller machines (ATM's). Four ATM's are located in Weatherford at (1) 1101 North Washington, (2) 920 East Main Street, inside United Supermarket, (3) 100 Campus Drive, inside Southwestern Oklahoma State University (SWOSU) student union, and (4) 309 West Main, inside Kash-N-Karry. One ATM is located in Cordell at 120 South Glenn English Drive and one is located in Hinton at the branch office.

As of December 31, 2000, FNB had total assets of \$90 million, of which \$50 million, or 56 percent of total assets, were composed of various types of loans to individuals, commercial businesses, and agricultural related enterprises. Specifically, the bank's loan portfolio consisted of the following:

Loan Category	\$ (000)	%
Real Estate Loans	23,981	48.19
Commercial Loans	11,128	22.36
Consumer Loans	9,744	19.58
Agricultural Loans	4,906	9.87
Total	49,759	100.00

The bank received an overall rating of **Satisfactory** at the prior Community Reinvestment Act examination dated November 1, 1996. There are no legal or financial impediments to prevent the bank from meeting the credit needs of the assessment area.

DESCRIPTION OF THE ASSESSMENT AREA

The bank's assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate-income areas. The assessment area is identified as Beckham, Caddo, Canadian, Custer, Kiowa and Washita Counties in Central and Western Oklahoma. These counties include those in which the bank's main operations are located (Custer) and the branch locations in Cordell (Washita) and Hinton (Caddo) as well as some bordering counties (Beckham, Canadian, Kiowa) which the bank extends loans. The total population of the assessment area approximates 172 thousand, with 25 thousand, or 14 percent, being minority. The largest minority population consists of Native Americans at 12 thousand, or 7 percent of the total population.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	47,159
Number of Households	62,752
<i>Geographies</i>	
Number of Census Tracts/BNA	51
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	19.61
% Middle-Income Census Tracts/BNA	60.78
% Upper-Income Census Tracts/BNA	19.61
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	29,737
1990 HUD-Adjusted MFI	37,535
<i>Economic Indicators</i>	
% Unemployment Rate	2.94
1990 Median Housing Value	41,640
% of Households Below Poverty Level	17.82

As the above table depicts, the 51 census tracts contain 47,159 families. Of these families, 18.55 percent are low income, 16.45 percent are moderate income, 21.86 percent are moderate income, and 43.14 percent are upper income. Major employers in the area are Imation (formerly 3M Corporation) and Southwestern Oklahoma State University. The economy is somewhat diversified due to the number of small business and agricultural operations in the assessment area.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Overall, the bank is satisfactorily meeting the credit needs of the assessment area, including low- and moderate-income individuals and areas, consistent with the available resources and capabilities.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is satisfactory. This determination is based on the bank's average loan to deposit ratio for 16 quarters, from December 31, 1998 through March 31, 2001. The average ratio for this period was 61.64 percent. The actual ratio at December 31, 2000 was 67.73 percent. The average loan-to-deposit ratio for the 31 banks in the assessment area at December 31, 2000 was 62.97 percent, with actual ratios ranging from 28.44 percent to 94.58 percent. The average loan-to-deposit ratio for the four banks in the trade area which bank management considers to be similar to FNB and their primary competitors (listed in table below) was 78.29 percent at December 31, 2000.

Institution	Assets (as of 12/31/00)	Average LTD Ratio
Legacy Bank	212,185,000	87.55
Interbank, N.A.	114,604,000	74.05
Southwest National Bank	40,017,000	56.97
Bank of Cordell	31,660,000	94.58
<i>FNB & Trust of Weatherford</i>	<i>93,571,000</i>	<i>67.73</i>

FNB continues to operate a mortgage loan department, which originates loans for secondary market purchasers. During 2000, the mortgage department originated 85 residential real estate loans totaling \$5.3 million; 74 of those loans were extended in the assessment area. Adjusting the loan-to-deposit ratio to reflect these loans would result in the ratio approximating 75 percent at December 31, 2000.

Lending in Assessment Area

FNB exceeds the standards for satisfactory performance for lending within its assessment area. This is demonstrated by a substantial majority of loan originated in the defined assessment area as depicted in the following table:

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Consumer	35	95	190	93	2	5	14	7
Residential Real Estate	40	100	1,539	100	0	0	0	0
Commercial / Agricultural	17	89	1,028	70	2	11	438	30
Total Reviewed	92	96	2,757	86	4	4	452	14

This analysis is based on a random sample of 96 consumer, residential real estate and commercial/agricultural loans originated from 1999 to the present.

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

FNB meets the standard for satisfactory performance for lending to borrowers of different incomes and business of different sizes. The following tables represent a reasonable distribution of lending based on the sample of 37 consumer loans, 40 residential real estate loans, and 19 commercial/agricultural loans reviewed.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families ¹	22.60		18.30		19.57		39.40	
Loans By Year	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
1999 - 2001	10.00	9.15	20.00	10.98	25.00	15.08	45.00	64.79

The number and amount of residential real estate loans extended to low-and moderate-income families is slightly lower than the percentage of those families represented in the assessment area. However in 2000, FNB's mortgage department originated \$1 million in residential real estate loans through the Rural Development Guaranteed Housing Program. This program provides 100 percent loan-to-value financing, as well as other benefits, exclusively to low-and moderate-income rural households.

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	26.50		15.50		17.40		40.60	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
1999-2001	28.57	17.28	28.57	40.54	34.28	29.64	8.58	12.54

The sample of commercial/agricultural loans reviewed found that all were extended to small businesses with annual gross revenues of less than \$1 million per year.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	90.66	5.50
% of Bank Loans in AA #	100.00	0
% of Bank Loans in AA \$	100.00	0

* 3.84 Percent of Business Did Not Report Revenues

Geographic Distribution of Loans

FNB reflects a reasonable distribution of loans throughout the assessment area. There are no low-income census tracts in the assessment area.

RESIDENTIAL REAL ESTATE								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
%of AA Owner Occupied	0		16.40		71.50		12.10	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
1999-2001	0	0	2.50	.66	75.00	70.19	22.50	29.08

Residential real estate lending in the moderate-income census tracts is appreciably lower than the percentage of those tracts in the assessment area. However, as discussed above, the mortgage department has a home loan program (Rural Development Guaranteed Housing Program) designed for persons of low-and moderate-income.

CONSUMER								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
%of AA Households	0		16.20		71.40		12.40	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
1999-2001	0	0	0	0	88.57	88.30	11.42	11.69

Although the sample of consumer loans did not reflect any loans extended in moderate income census tracts, the review did note numerous loans extended to low-and moderate-income individuals and families. Additionally, of the 10 moderate-income census tracts located in the assessment area, six are located on the outskirts of the assessment area. It is reasonable to assume that the bank would have a much lower penetration of loans in those areas, compared to those areas in closer proximity to banking offices.

BUSINESS LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	0		15.63		72.90		11.47	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
1999-2001	0	0	0	0	76.47	69.37	23.53	30.63

The sample reflected no business loans extended in moderate-income census tracts. However, as explained above, a majority of the moderate-income census tracts are located on the outskirts of the assessment area. Therefore, it is reasonable to assume that lending to businesses in these areas would not be significant.

Responses to Complaints

There have been no consumer complaints regarding the bank's Community Reinvestment Act performance during the evaluation period.