



**SMALL BANK**

---

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

---

## **PUBLIC DISCLOSURE**

**August 24, 2007**

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

**Legend Bank, National Association  
Charter Number 4265**

**101 Tarrant Street  
Bowie, TX 76230**

**Comptroller of the Currency  
500 North Akard Street, Suite 1600  
Dallas, TX 75201-3323**

**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.**

The lending performance of Legend Bank reflects a satisfactory record of meeting the credit needs of its assessment area (AA). We based our conclusion on the bank's lending practices. The following factors and data support this rating.

- The loan to deposit ratio is satisfactory given the bank's size, financial condition, and AA credit needs.
- A majority of the bank's loans, 65 % of the number and 55 % of the dollar volume, were made within the AA.
- The distribution of loans to small businesses show satisfactory performance with 85% of commercial loans reviewed in the AA were made to businesses with revenues less than \$1 million.
- The geographic distribution of loans within the AA is reasonable given the bank's business strategy and location.
- Legend has not received any consumer complaints regarding its CRA performance during this evaluation period.

## **DESCRIPTION OF INSTITUTION**

Legend Bank, National Association (Legend) is a wholly owned subsidiary of Legend Bancorp, Incorporation. Legend's main office is located approximately 60 miles north of Fort Worth, Texas and 35 miles east of Wichita Falls, Texas. Legend's main bank facility is located in downtown Bowie, Texas in AA one. Legend's branch offices are located in Nocona, Alvord, Decatur, Henrietta, Dayton and Whitesboro, Texas which includes drive-thru facilities that provide extended weekday and Saturday hours.

Legend offers a full range of commercial and consumer banking products and related financial services. The bank provides access to banking services through its website at [www.legend-bank.com](http://www.legend-bank.com). The bank also has 24 hour account access through online banking, 1<sup>st</sup> Response bank by phone and automated teller machines located at each banking office. As of June 30, 2007, Legend had total assets of \$373 million, with 65 % of these assets are in the loan portfolio. Small bank CRA procedures were used for this evaluation period.

<b>Loan Category</b>	<b>Amount (\$000's)</b>	<b>% Of Total</b>
Agricultural Loans	50,924	21.21%
Commercial Industrial Loans	39,880	16.61%
Commercial Real Estate loans	102,852	42.83%
Residential Real Estate Loans	20,096	8.37%
Consumer Loans	17,710	7.37%
Other Loans	8,675	3.61%
<b>Total</b>	<b>240,140</b>	<b>100.00</b>

Legend was rated **Satisfactory** on its last CRA Performance Evaluation, dated February 25, 2002. The bank has no financial or legal obstacles preventing its ability to meet its community's credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

Legend's AA includes all of Montague, Wise and Clay counties. AA one includes the main office of Legend in Bowie and the branch located in Nocona, Texas and sections of Jack, Jefferson and Love counties. AA two includes the branches in Alvord and Decatur, Texas and all of Wise County. AA three is the Legend branch in Henrietta, Texas and includes all of Clay County. AA four is the Legend branch in Dayton, Texas and includes all of Liberty County. AA five is the Legend branch in Whitesboro, Texas and covers all of Cooke and Grayson Counties. The AA's meet regulatory guidelines and do not arbitrarily exclude low-or moderate income areas. All branches are located in Texas and the AA's are not in a Metropolitan Statistical Area (MSA).

Montague, Wise, and Clay Counties were selected for our loan sample since a majority of the bank's loans 60% and deposits 91% are within these counties, as well as, the main bank. There are no low income areas in the bank's AA

### **Assessment Area One (Montague County)**

The main office of Legend is located in Montague County and includes the branch located in Nocona, Texas. This AA also includes a small section of Jack, Jefferson and Love counties. This AA is not located in a MSA and the counties are contiguous. This AA is considered rural and the population growth is low. There are no master planned residential subdivisions or retail/commercial areas. Local economic conditions are considered good with unemployment levels low. The largest employer within the AA is the school district along with city and county government.

### **Assessment Area two (Wise County)**

This AA encompasses the branches in Alvord and Decatur, Texas, which are in Wise County. Wise County is not part of a MSA. Decatur is the largest city in Wise County as well as the county seat. Other cities located within Wise County are Alvord, Boyd, Bridgeport, Chico, Newark, Paradise and Rhome. Wise County has a population of approximately 48,319 based on the 2000 U.S. Census data. Agriculture continues to be a significant component of the local economy as well as oil & gas production.

**Assessment Area three (Clay County)**

AA three is the branch in Henrietta, Texas and all of Clay County. This AA is contiguous with Montague and Wise Counties. This is a rural community and is not located in a MSA. There are four census tracts and all tracts are designated as middle income. There are no low or moderate income census tracts in the AA. Major employers in the area are small oil and gas production companies and related businesses.

The following table depicts the demographics of the assessment area:

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>		
<i>Population</i>	<i>Census Year: 2000</i>	
Number of Families	16,241	
Number of Households	22,184	
<i>Geographies</i>	<i># of Tracts</i>	<i>% of Tracts</i>
Low-Income Census Tracts	0	0%
Moderate-Income Census Tracts	2	11.11%
Middle-Income Census Tracts	11	61.11%
Upper-Income Census Tracts	5	27.78%
Total Number of Census Tracts	18	100.00%
<i>Median Family Income (MFI)</i>		
2000 MFI for AA	\$34,500	
2005 HUD-Adjusted MFI	\$41,400	
2006 HUD-Adjusted MFI	\$42,600	
<i>Economic Indicators</i>		
2000 Median Housing Value	\$45,750	
% of Unemployment	2.33%	
% of Households Below Poverty Level	16.25%	
% of Households on Social Security	35.90%	
% of Households in Retirement	16.51%	

The primary credit needs of the community are related to the need for small business loans. The general state of the economy is fairly stable and diversified. Major industries and employers include school districts, the oil and gas industry, the hospital and county governments.

We conducted one community contract by telephone. The community contract was with the economic development coordinator for the city of Bowie. The community contract indicated area financial institutions are cooperative and are diligent in trying to meet the community's credit needs.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

The bank's performance is satisfactory. Conclusions with respect to the following two performance criteria; Lending in Assessment Area and to Borrowers of Different Income and Business of Different Sizes are based on a sample of twenty consumer, agricultural and commercial loans to determine if they were made within or outside the AA. Our sample indicates that 95 % of consumer loans, 60% of agricultural loans and 85% of commercial loans were to borrowers in the AA.

Legend's loan to deposit ratio is satisfactory and commensurate with its size, financial condition, competition, lending activities, as well as the demographics of the AA. The loan-to deposit ratio averaged 69% since the prior CRA examination in February 2002. Information for these financial institutions is detailed in the table, below:

### Loan-to-Deposit Ratio

<b>Name of Institution</b>	<b>Total Assets (000) As of 6/30/2007</b>	<b>Average LTD Ratio</b>
<i>Legends National Bank</i>	<i>372,544</i>	<i>69.08%</i>
Sanger Bank	132,564	62.98%
Jacksboro National Bank	130,643	60.86%
First Financial Bank	300,591	59.14%
First National Bank of Jacksboro	165,560	58.92%
Ozona National Bank	169,392	54.45%

*Legend has satisfactory lending performance. The bank provides agricultural, residential, commercial, and consumer loans throughout the AA. The bank's lending within the AA is reasonable.*

### Lending in Assessment Area

The table below shows the sample distribution of the bank's agricultural, commercial real estate, commercial-industrial, and consumer loans extended to borrowers residing in or operating in the bank's AA. A substantial majority of the bank's lending is within the AA. Based on this analysis, the bank meet the standards for satisfactory performance within its AA with 81 % of the number of loans originated and 55% of the original dollar amount extended to borrowers residing and/or operating within the bank's designated AA.

<b>Total Loans Reviewed (1/1/2004-07/31/2007)</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural	12	60.0	8	40.0	20	1,233,443	13.6	7,852,149	86.4	9,085,592
Commercial RE	17	85.0	3	15.0	20	2,142,307	85.6	360,000	14.4	2,502,307
Commercial Industrial	17	85.0	3	15.0	20	7,265,322	90.9	726,050	9.1	7,991,372
Consumer	19	95.0	1	5.0	20	176,819	91.2	17,069	8.8	193,888
<b>Total</b>	<b>65</b>	<b>81.3</b>	<b>15</b>	<b>18.7</b>	<b>80</b>	<b>10,817,891</b>	<b>54.7</b>	<b>8,955,268</b>	<b>45.3</b>	<b>19,773,159</b>

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

Legend's consumer lending to low-income and moderate-income borrowers is reasonable. We reviewed a sample of 20 consumer loans originated within the AA, as indicated in the table below.

<b>Borrower Income Distribution of Consumer Loans in AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	0	30	9.15	15	62.25	50	28.60	5

Legend meets the standards for satisfactory performance in lending to small businesses. Small businesses are defined as those with gross annual revenues or sales of one million dollars or less. A sample of 20 commercial real estate loans made within the AA area was reviewed to determine the bank's performance of lending to businesses of different sizes. The commercial real estate loan sample analysis revealed that 97% of the dollar volume and 90% of the number was extended to small business borrowers. In addition, a sample of 20 commercial-industrial loans made within the AA was reviewed to determine the bank's performance of lending to businesses of different sizes. The commercial-industrial loan sample analysis revealed that 35% of the dollar volume and 70% of the number was extended to small business borrowers. The following tables depict the loan sample analysis results.

<b>Borrower Income Distribution of Commercial Real Estate Loans in AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	61.4%	2.9%	35.7%	100%
% of Bank Loans in AA by #	90.0%	10.0%	-	100%
% of Bank Loans in AA by \$	97.0%	3.0%	-	100%

*\*Source; Loan Sample; Census Demographic data*

<b>Borrower Income Distribution of Commercial-Industrial Loans in AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	61.4%	2.9%	35.7%	100%
% of Bank Loans in AA by #	70.0%	30.0%	-	100%
% of Bank Loans in AA by \$	35.0%	65.0%	-	100%

*\*Source; Loan Sample; Census Demographic data*

Legend meets the standards for satisfactory performance in lending to small agricultural businesses. A sample of 20 agricultural loans made within the bank's assessment area was reviewed to determine the bank's performance of lending to small agricultural business of different sizes. The agricultural loan sample analysis revealed that 26% of the dollar volume and 74% of the number was extended to small agricultural business borrowers. The following table depicts the loan sample analysis results.

<b>Borrower Income Distribution of Agricultural Loans in AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	91.9%	6.5%	1.6%	100%
% of Bank Loans in AA by #	85.0%	15.0%	-	100%
% of Bank Loans in AA by \$	26.0%	74.0%	-	100%

*\*Source; Loan Sample; Census Demographic data*

### **Geographic Distribution of Loans**

The geographic distribution of Legend's loans within the AA is reasonable and is in line with area demographics of the AA.

### **Responses to Complaints**

Legend did not receive any CRA related complaints during this evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practice inconsistent with helping to meet community credit needs.