



## **PUBLIC DISCLOSURE**

April 9, 1998

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank  
Charter Number 5325**

**Corner of Main and Howell  
Saint Jo, Texas 76265**

**Office of the Comptroller of the Currency  
Southwestern District  
500 N. Akard, 1600 Lincoln Plaza  
Dallas, Texas 75201-3394**

**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 **The First National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 9, 1998**. 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**.

First National Bank (FNB) is responsive to the credit needs of the community including low- and moderate-income individuals and areas. The bank's average loan-to-deposit ratio of 53% is comparable to that of peer institutions. A majority of loans are in the bank's assessment area. The loans reasonably penetrate various geographies and borrower income levels.

The following table indicates the performance level of **The First National Bank** with respect to each of the five performance criteria.

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b><u>FIRST NATIONAL BANK</u> PERFORMANCE LEVELS</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does not meet Standards for Satisfactory Performance</b>
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints received since the prior examination.		

## **DESCRIPTION OF INSTITUTION**

FNB is located in Saint Jo, Texas. Saint Jo is a small farming community with a population of about 1,000 and located approximately 100 miles northwest of Dallas. Many residents commute to Gainesville, Denton, and the Dallas/Fort Worth metropolitan area for their employment. A large portion of the population is retired. As of March 31, 1998, the bank had total assets of \$23 million with \$12 million in total loans. The loan mix consists of residential real estate (38%), commercial (30%), agriculture (17%), and consumer (15%). The main location in Saint Jo has a drive-in facility. FNB has a branch with a drive-in facility located in Muenster, which is nine miles east of Saint Jo.

FNB is owned by a two-tiered holding company. The bank is owned 100% by Saint Jo Bancshares, Inc. which is owned 100% by First Financial Company of Saint Jo (a Delaware corporation). The Field Family controls approximately 40% of the outstanding shares. There are no financial or legal impediments to the bank's ability to meet the credit needs of its assessment area. FNB's business focus is to provide banking services and loans to its community.

## **DESCRIPTION OF ASSESSMENT AREA**

FNB's assessment area includes the contiguous counties of Montague and Cooke which are not in a metropolitan statistical area. The towns of Saint Jo, Nocona, Montague, Spanish Fort, Ringgold, Stoneburg, Bowie, Sunset, Forestburg, Lindsay, Gainesville, Muenster, Myra, Callisburg, and Valley View are in the assessment area.

The census tracts in the assessment area have a population of 48,051 based on 1990 census data. The income characteristics of the assessment area are as follows: no low income tracts, 2 moderate income tracts, 8 middle income tracts, and 5 upper income tracts. Median family income is \$31,500. Housing units total 22,577 of which 24% are rental units. Primary credit needs in the assessment area include residential mortgages, small business loans, agricultural loans, and consumer loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

FNB has a satisfactory lending performance. The bank's loan-to-deposit ratio is reasonable although it is somewhat lower than the peer group average. FNB's ratio averaged 53% for the past eleven quarters while its peer average was 62%. The peer group is comprised of banks of similar size and characteristics as FNB.

A large majority of the bank's lending is within the assessment area. Based on the review sample, 90% of the loans are within the assessment area. No data was available to determine the dispersion of loans in the two moderate-income segments of the assessment area. However, geographic loan distribution throughout the assessment area is reasonable.

Dispersion of residential mortgage loans by income level is reasonable. Based on the sample of 19 loans, there are no income levels with little or no loan penetration. The following table shows the results of the sample:

INCOME LEVEL	# OF LOANS	\$ OF LOANS
Low	1	51,200
Moderate	2	91,000
Middle	2	43,000
Upper	14	488,748

Determination of the income level of the sample of consumer borrowers was not possible because the bank does not obtain income information on all of these borrowers. Of the 18 consumer loans within the assessment area, 11 were for \$2 thousand or less. This is an indication by proxy that several consumer borrowers are likely to be low- or moderate-income individuals.

A sample of 20 business loans indicated a reasonable penetration among businesses of different sizes. Seventeen of the loans, totaling \$463 thousand, are within the assessment area. All of these loans are to small businesses. Gross annual revenues of the businesses within the assessment area ranged from \$20 thousand to \$64 thousand. Geographic distribution of the business loans within the assessment area is also reasonable.

In previous years, the City of Saint Jo has applied with the Texas Department of Housing & Community Affairs for HOME Program funds. These funds are for low interest loans to low-income individuals for home repairs. Although the city has not received any funds to date, the bank has committed \$25 thousand in financing for this project should the city receive any such funds.

FNB did not receive any consumer complaints regarding CRA performance since the last examination. Our most recent fair lending examination revealed no violations of antidiscrimination laws or regulations.