



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 5, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Jacksboro National Bank
Charter Number 7814**

**124 East Belknap
Jacksboro, Texas 76458**

**Comptroller of the Currency
1600 Lincoln Plaza
500 North Akard Street
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 **Jacksboro National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 5, 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**.

The lending performance of Jacksboro National Bank (JNB) reflects satisfactory responsiveness to meeting the credit needs of the community. The loan-to-deposit ratio is reasonable and exceeds the ratios of area banks of similar size. A substantial majority of the loans are within the bank's designated assessment area, reasonably penetrate the different income levels and are reasonably distributed throughout the assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	JACKSBORO NATIONAL BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
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	Not performed as analysis would not be meaningful.		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

JNB is a one bank holding company with total assets of \$51,142,000, total liabilities of \$46,418,000 and capital of \$4,724,000 as of December 31, 1997. The banking office is located in downtown Jacksboro. JNB offers products and services typical of community banks, including real estate, commercial, individual, credit card and agricultural loans, as well as demand deposits, certificates of deposit, savings, NOW and Money Market accounts. The bank also has an automated teller machine and offers retail non-deposit investment products such as mutual funds and annuities. The following is a breakdown of the loan portfolio as of December 31, 1997.

Real Estate:

1-4 family mortgages	23%
Agriculture	14%
Commercial	<u>6%</u>
Sub-total	43%
Installment	19%
Credit Cards	1%
Agricultural production	19%
Commercial	<u>18%</u>
Total	100%

The bank's financial condition does not inhibit its ability to meet credit needs in its assessment areas. Additionally, the bank has no legal impediments that would inhibit its ability to meet community credit needs.

DESCRIPTION OF JACK COUNTY

JNB's assessment area includes all of Jack County, Texas. This assessment area does not arbitrarily exclude any low- to moderate-income (LMI) areas, though there are no LMI designated block numbering areas in Jack County. The population of the assessment area totals 6,981, with 4% being minorities. The median family income for the area is \$24,586. City Manager Mike Webb stated that the economy continues to be dependent upon the oil and ranching industries, but it has improved and is stable. He stated that home improvement and small business loans are some of the primary credit needs in the community, and that these needs are generally being met by the local financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

JNB's CRA performance is satisfactory. The bank makes all types of loans throughout the assessment area to individuals of differing income levels. We found no evidence of discriminatory practices, and cited no violations of the substantive provisions of antidiscrimination laws.

Assessment Area Concentration

A substantial majority of JNB's loans are made within the Jack County assessment area. The bank does not regularly monitor its lending patterns by geography. Therefore, we sampled 32 consumer and 18 commercial loans to determine if they were made within or outside the assessment area. Our sample indicated that 84% of consumer loans and 89% of commercial loans were to borrowers within the assessment area.

Loan-to-Deposit Ratio

JNB's loan to deposit ratio is reasonable and exceeds the ratios of its local competitors. As of December 31, 1997, the average loan to deposit ratio since the previous examination conducted in November of 1995 is 54.91%. The ratios for the three other banks or branches in the assessment area ranged from 24% to 42%.

Lending to Borrowers of Differing Incomes

The bank does not regularly monitor its lending patterns by income level or geography. In order to better understand JNB's lending practices, we reviewed a sample of consumer loans, 1-4 family mortgages and information concerning small dollar loans. Our sample of consumer loans revealed that at least 14 of the 32 loans we reviewed, or 44%, were to low- or moderate-income individuals. Because income information was not available for 3 of these borrowers, this figure could be understated. We also looked at the number of loans the bank has originated for less than \$1,000, presuming most of these are made to borrowers with low- or moderate-income. Since January 1, 1997, the bank has originated 1,256 loans totaling \$21 million. Of this total, 172, or 14%, were for \$1,000 or less. Additionally, 4% of loan originations have been for 1-4 family mortgages with an average originating balance of \$40,000.

Because JNB's assessment area does not contain any block numbering areas that are considered low- or moderate-income geographies, we did not review the bank's lending distribution by geography.

Our review of the bank's compliance with Fair Lending laws revealed no evidence of discriminatory practices. As mentioned, we cited no violations of the substantive provisions of antidiscrimination laws.

Response to Substantiated Complaints

JNB has received no complaints concerning its performance in meeting assessment area credit needs.