



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 3, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Weatherford
Charter Number 2477**

**220 Palo Pinto
Weatherford, Texas 76086-4383**

**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 **First National Bank of Weatherford** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 3, 1996. 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 the First National Bank of Weatherford (FNBW) reflects satisfactory responsiveness to its community's credit needs. The loan to deposit ratio reflects increasing trends and is currently reasonable in comparison to other institutions in Parker County. In addition, a substantial majority of the bank's lending is within the Parker County assessment area. Finally, the lending pattern shows a reasonable penetration among borrowers of all income levels and in all segments of the community.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Weatherford</u> 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		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

FNBW is located in the city of Weatherford, Parker County, Texas. The bank is controlled by First Baird Bancshares, Inc., a two bank holding company. First Weatherford Bancshares, Inc. holds 99.30% of the bank stock. The sister bank in the holding company is First National Bank of Baird. As of September 30, 1996, assets totaled approximately \$76 million, while gross loans totaled just over \$32 million. The types of loans made include: real estate - 59% of gross loans; consumer - 20%; commercial - 13%; and agriculture - 8%.

DESCRIPTION OF PARKER COUNTY

The Board has designated Parker County as the bank's assessment area. Parker County is part of the Fort Worth/Arlington, Texas, MSA. The assessment area consists of eight whole census tracts. This designation meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies.

Of the eight census tracts, two are moderate income geographies, five are middle income, and one is upper income. There are no low income census tracts. The population of the assessment area is approximately 73,000 and increasing. The area is primarily rural, however, the communities served in this area offer the lifestyle of a smaller community with easy access to the metroplex. Unemployment remains low.

According to 1990 census data, the MSA median family income is \$37,571. According to the same data, low income families comprise 22% of all families in the county, another 20% are moderate income families, 25% are middle income families, and 33% are upper income families. While the area does not include any low census tracts and only two moderate census tracts, examination review and bank data indicate the presence of numerous low and moderate income households spread throughout the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

FNBW's lending performance is satisfactory. The bank makes real estate, consumer, small business, and agriculture loans throughout the assessment area to individuals with differing income levels. Our review of fair lending regulations revealed no evidence of discriminatory practices, and no violations of the substantive provisions of antidiscrimination laws. Bank management has been active in training officers and employees on fair lending concepts and practices.

Assessment Area Concentration

A substantial majority of FNBW's loans are made within the Parker County assessment area. All of 1-4 mortgage loans approved in 1995 and 1996 were for properties within the county. In addition, 86% of all loans on the books as of September 30, 1996, were within the bank's assessment area.

Loan to Deposit Ratio

Inside of the bank's assessment area, there are seven other banks and/or branches of area banks that are considered the primary competition. FNBW's loan-to-deposit ratio, as of September 30, 1996, reflects reasonable performance at 47% when compared to the ratios of these other lending institutions which range from 33% to 51%. The bank's average seven quarter loan-to-deposit ratio is 39%. When comparing the current ratio with the seven quarter average, positive and increasing trends are demonstrated.

Geographic Distribution of Loans

FNBW's loan distribution reflects a satisfactory penetration among borrowers of different income levels and throughout all census tracts, including the two moderate income census tracts. Approximately 27% of all HMDA related approvals in the assessment area were to borrowers of low or moderate income. In addition, 43% of all the 1995 and 1996 mortgage approvals within the assessment area were for properties in the moderate income census tract.

While the bank obtains income information on its loan customers, there is no internal analysis to determine the level of penetration into the different income levels. The results of a random sample of consumer and business loans determined that there is a reasonable penetration of loans among individuals of different income levels. Of the consumer loans sampled, 47% were to low and moderate income borrowers, and 76% of sampled business loans were to small business borrowers with gross revenues less than \$1 million.

Also, FNBW makes loans in original amounts less than \$2,500, typically to low or moderate income individuals. As of October 1, 1996, these loans numbered 284 or 15% of the total number of loans on the books. Several of these loans, 14% in fact, were originated under \$1,000. In addition, the bank is an active small business and agriculture lender with 22% of the loan portfolio in these types of credit.

Response to Substantiated Complaints

FNBW has received no complaints during the evaluation period concerning its performance in meeting assessment area credit needs.