



PUBLIC DISCLOSURE

June 1, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank of Childress
Charter Number 23512**

**501 Ave. F N.W.
Childress, Texas 79201**

**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 **Citizens National Bank of Childress** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 1, 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 practices of Citizens National Bank of Childress (CNB) reflect a satisfactory responsiveness to the community's credit needs, as evidenced by the following:

- ▶ the bank's average loan to deposit ratio is among the highest in the area at 60%;
- ▶ a substantial majority of the bank's consumer and small business loans are originated within the bank's assessment area;
- ▶ the bank's lending practices do not exclude low or moderate income individuals; and,
- ▶ there have been no consumer complaints concerning the bank's lending practices.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Citizens National Bank of Childress 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	Distribution not performed as it would not be meaningful		
Response to Complaints	No complaints were received since the prior examination		

DESCRIPTION OF INSTITUTION

CNB is located in the city of Childress, Childress County, Texas. The bank was chartered in December, 1997, and is wholly owned by Olney Bancshares, Inc. Before that time, the bank operated as a branch of a large regional bank on the current premises.

There are no impediments to CNB's ability to meet the various credit needs of its community. As of March 31, 1998, assets totaled \$22,970,545. Primary lending products are agriculture, consumer automobile, and one to four family mortgage loans. Other loan and deposit products are typical of banks located in rural communities. An ATM is located on the premises of the main office. There are no branch facilities.

DESCRIPTION OF CHILDRESS COUNTY

The Board has designated Childress County as the bank's assessment area. This designation meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. The assessment area includes two middle income block numbering areas (BNA's). There are no low income BNA's in the county. The average non-MSA median family income is \$24,586 according to updated census bureau information. Low income families comprise 31% of all families in the county, while another 14% are moderate income families, 21% are middle income families, and 34% are upper income families.

Childress County is located in the Southeast portion of the Texas Panhandle, near the Oklahoma border. The population of the county is 5,953. Agriculture is the primary industry in the area. Major employers include a local prison, the school district, and a district office of the state highway department.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

CNB's lending performance is satisfactory. The bank makes agriculture, home mortgage, consumer, and small business loans throughout the assessment area to individuals and businesses 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.

A recent interview conducted with an area business person was helpful in understanding the context of the bank, the community, and local competitors. This individual responded favorably to the bank's presence in the community in providing the assessment area's credit needs.

Loan to Deposit Ratio

The bank's loan to deposit ratio compares favorably to those of similar institutions in Childress and contiguous counties. CNB's average ratio since opening as an independently chartered bank in December 1997, is 60.24%. The average ratio for nine other area institutions ranged from a low of 23.91% to a high of 68.12% over the same period.

Assessment Area Concentration

A substantial majority of CNB's loans are made within its assessment area. We reviewed all loans made by current management since January 1, 1997, that originated for less than \$3,500. We found that 528 of these 638 loans, or 83%, were within the bank's assessment area. In addition, our sample of consumer and small business loans made in 1998 revealed that 72 of 88 loans, or 82%, originated within Childress County.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

CNB's loan distribution reflects a satisfactory penetration among borrowers of different income levels. Management does not always obtain updated financial information when making loans, instead relying on a borrower's past history with the bank, a credit report, or other information. For this reason, we were unable to use actual income information in assessing the bank's lending to borrowers of different income levels. The table below shows the volume of small dollar loans, defined as loans with original balances of \$3,500 or less, that current management has made since January 1, 1997. Although no supporting data was available, bank management states that a vast majority of these loans are to low or moderate income individuals.

Loan Size	# of Originations	% of Total #¹	\$ of Originations	% of Total \$¹	Avg. Original Balance
< \$1,500	392	38.66	\$290,927.21	2.14	\$742.16
< \$2,500	542	53.45	\$573,929.75	4.22	\$1058.91
\$3,500 and less	638	62.92	\$924,110.33	6.79	\$1448.45

1 - The total number and amount of originations for the same period was not readily available. As a reference point, we used information from the bank's 4/30/98 trial balance showing 1,014 loans outstanding with a net balance of \$13,600,260.85.

CNB also has a satisfactory practice of lending to small businesses and farms. Our credit quality sample included 18 loan relationships which were primarily for business purposes.

Income information was not available for three of those. Of the remaining 15 loans, nine, or 60%, were to businesses with revenues of less than \$1,000,000, or agricultural ventures with income less than \$500,000.

Geographic Distribution of Loans

We did not perform an analysis of the geographic distribution of CNB's loans. Because there are no low or moderate income BNA's in the bank's assessment area, this type of analysis would be meaningless.

Response to Substantiated Complaints

CNB has received no substantiated complaints regarding its lending practices or ability to meet the credit needs of its community.