



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 12, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Hebronville
Charter Number 12995
305 North Smith
Hebronville, Texas 78361

Office of the Comptroller of the Currency
1600 Lincoln Plaza
500 North Akard
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 Hebbroville, prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of August 12, 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.

First National Bank of Hebbroville is responsive to the community's credit needs, including low- and moderate-income individuals and areas. This is demonstrated by:

- reasonable loan-to-deposit ratios of 16% on March 31, 1996, and 14% for the last seven quarter's average, given the economic and demographic factors and lending opportunities available in the community;
- a substantial majority of the loans extended are within the assessment area; and
- a reasonable distribution of credit to borrowers with different income levels as well as geographies with different income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Hebronville</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 Businesses of Different Sizes		X	
Geographic Distribution of Loans	X		
Response to Complaints	No complaints were received since the prior compliance examination.		

DESCRIPTION OF INSTITUTION

First National Bank of Hebronville (FNB) is a retail bank with no branches. The main office is located in the unincorporated community of Hebronville, Jim Hogg County, Texas. The bank has total assets of \$65 million with \$9 million in total loans. The loan portfolio consists of 65% consumer, 13% 1-4 family, 12% commercial, and 10% agricultural loans. There are no legal or other impediments that limit the bank's ability in meeting the community's credit needs.

DESCRIPTION OF JIM HOGG COUNTY

FNB's assessment area (AA) is Jim Hogg County which is not in a Metropolitan Statistical Area. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. According to 1990 census data, the AA has a population of five thousand and a median family income of \$17 thousand. There are three Block Numbering Areas (BNAs), two moderate- and one middle-income. Sixty percent of Jim Hogg County's population resides in the two moderate-income BNAs. The remaining 40% resides in the middle-income BNA. The local economy, primarily dependent on agriculture and the oil industry, is stable. However, agricultural related businesses are suffering from drought conditions.

Community contacts with the Housing Authority, Community Action Council, and Independent School District confirm local banks are responsive to the community's credit needs. On several occasions, FNB was named as very responsive to the community's needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

FNB is performing satisfactorily in meeting the credit needs of the entire AA, including low- and moderate-income individuals and areas, consistent with its resources and capabilities. The bank's average loan-to-deposit ratio for the last seven quarters is 14% and was 16% for the period ending March 31, 1996. This ratio is reasonable considering lending opportunities and demographic and economic factors present in the AA.

A substantial majority of credit extended is within the AA. Our review of six 1-4 family loans revealed that 100% are within the AA. We sampled 38 consumer and 17 commercial loans originating within the past 12 months. Seventy nine per cent and 87% of the consumer loans reviewed are within the AA by number and dollar volume, respectively. Similarly, 94% by number and 97% by dollar volume of the commercial

loan sample are within the AA. The following table illustrates the relative credit distribution.

LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA									
Assessment Area	1-4 FAMILY			CONSUMER			BUSINESS		
Jim Hogg	#	%	\$000'	#	%	\$000's	#	%	\$000's
Inside AA	7	10	176	30	79	197	16	94	151
Outside AA	0	0	0	8	21	29	1	6	5
Total Originations	7	10	176	38	10	226	17	100	156

Loan distribution is reasonable to individuals and businesses with different income levels within the AA. A review of 17 commercial, five business, and 12 ranch loans, revealed all are to small businesses and ranches with revenues below \$100M. Three of the five business loans are to new businesses. Twenty-nine percent of the 1-4 family loans are to moderate-income consumers. Forty-five percent of the consumer loans in our sample are to low- and moderate-income individuals as shown in the following table.

DISTRIBUTION OF LENDING BY APPLICANT INCOME			
Applicant Income Levels	Consumer Loan Sample		
	#	%	\$000's
Low Income	9	24	21
Moderate Income	8	21	70
Middle Income	12	32	62
Upper Income	5	13	49
Income Not Available	4	10	24
Total	38	100	226

The AA has two moderate- and one middle-income BNAs. An analysis of our sample of approvals within the assessment area reflects a very good distribution of credit as detailed in the following table.

DISTRIBUTION OF CREDIT WITHIN THE ASSESSMENT AREA BY GEOGRAPHY										
Number of BNAs (#)		1-4 Family			Consumer			Business		
		#	%	\$000's	#	%	\$000's	#	%	\$000's
Moderate Income	2	5	71	119	7	32	27	11	79	105
Middle Income	1	2	29	57	15	68	113	3	21	11
Total	3	7	100	176	22	100	140	14	100	116

We detected no practices which are intended to discourage applicants from applying for the types of credit offered. Management solicits credit applications from all segments of the community. Our review revealed substantial compliance with all provisions of the anti-discrimination laws and regulations. The Board and Management have developed adequate policies, procedures, and training programs to prevent discriminatory or other illegal credit practices. No complaints concerning CRA have been received since the prior examination.