



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 12, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The State National Bank of Groom
Charter Number 12742
99 Broadway
Groom, Texas 79039**

**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 **The State National Bank of Groom** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of November 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**”.

- ▶ The bank has a reasonable loan to deposit ratio.
- ▶ A substantial majority of the bank's loans are made in its assessment area.
- ▶ Distribution of loans to small businesses and farms is very good.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	THE STATE NATIONAL BANK OF GROOM PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		✓	
Lending in Assessment Area	✓		
Lending to Borrowers of Different Incomes and to Businesses of Different sizes		✓	
Geographic Distribution of Loans	Data is not available to determine the geographic distribution of loans at the State National Bank of Groom.		
Response to Complaints	There were no complaints regarding the bank's CRA performance since the last performance evaluation.		

DESCRIPTION OF INSTITUTION

SNB is a locally owned and operated, independent bank. It is the only bank in the town of Groom, Texas, and has served the community since 1904. It has operated as a National Bank since 1926. On September 30, 1996, the bank had total assets of nearly \$14 million. It employed nine full-time employees as of that date. This bank operates out of one office building with a drive-up teller window in the heart of Groom, Texas. It is owned by a one-bank holding company called the Groom Bancshares, Inc.

SNB offers a wide-range of deposit and loan products. As of September 30, 1996, total loans amounted to over \$7.5 million, primarily to local farmers, businesses and individuals. The total loan figure accounted for over 56% of the bank's total assets. Over 78% of the amount loaned out is in agricultural credits.

There are no legal or financial impediments to SNB's ability meet the credit needs of the assessment area. Competition comes from the surrounding area. There are banks of similar size in Claude, White Deer, and Panhandle, Texas. Most of these banks also specialize in agricultural lending. The last CRA performance evaluation of SNB was conducted in January of 1995, when it was rated satisfactory.

DESCRIPTION OF ARMSTRONG, CARSON, AND GRAY COUNTIES, TEXAS

SNB's assessment area is the counties of Armstrong, Carson, and Gray. This area meets the requirements of the CRA and does not arbitrarily exclude any low or moderate-income areas. The assessment area includes thirteen block number areas (blocks) with a combined population of 32,564. There are no low-income blocks in the three counties. Two of the blocks are considered moderate-income, seven are middle-income with the remaining four being high-income. This is based on the 1990 Census median family income of the area which was \$24,586. A block is considered low-income if its median family income is below 50% to the area's median family income. It is categorized as moderate-income if the block's median income is between 50% and 79% of the area, middle-income is between 80% and 119%, and the high-income category is above 120%. Of the 9,491 families in the area, 4,781, or 50%, are high-income. Another 20% are middle-income, moderate-income families make up 15% of the population, and low-income is 15%.

The assessment area has a fairly diverse work force. Approximately 31% work on the surrounding farms, another 23% are employed in the retail trade, and the manufacturing industry employs over 20% of the working population. Three-fourths are wage and salary workers. The unemployment rate is low at 3.6%. Local economic conditions have leveled off since the recent drought ended this summer. The area's economy is driven by the agricultural trade, primarily cattle ranching, and corn, wheat, and milo farming.

PERFORMANCE CRITERIA

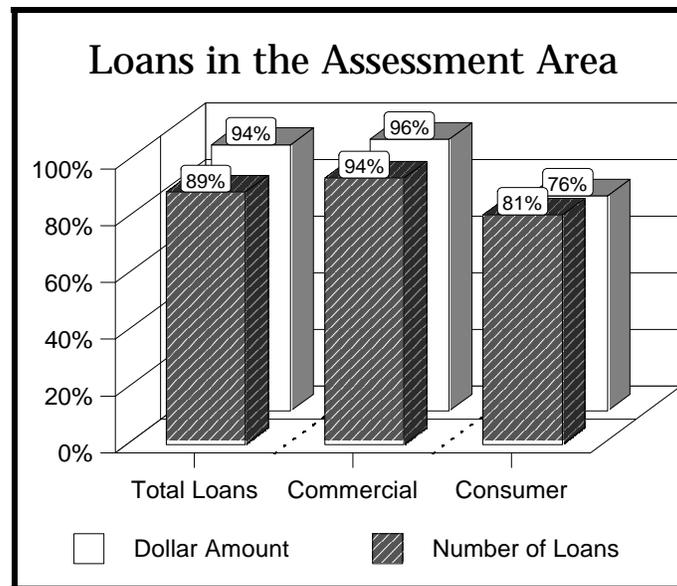
Loan-Deposit Ratio

SNB's loan-to-deposit ratio is reasonable. It stood at 63% on September 30, 1996. Over the last seven quarters, the evaluation period for this rating, the ratio has averaged 68%. Both numbers are above the average of local, similar sized, banks. The average for these banks was 47% on September 30, 1996, and averaged 46% over the last seven quarters.

Lending in the Assessment Area

The bank makes a substantial majority of its loans in the assessment area. On September 30, 1996, 89% of the total number of loans and 94% of the total dollar volume of loans were to borrowers in the assessment area. In the commercial loan portfolio, these figures were 94% and 96%, respectively. Also, a substantial portion of loans, number and dollar volume, of consumer loans are within the assessment area. Figure 1 reflects this level of lending.

Figure 1



Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Using file information from our sample of loans to businesses and farms, we determined that SNB distribution of loans to business and farms of different sizes is very good. Our review consisted of a sample of 37% of the bank's commercial loan portfolio. We found that 90%, based on gross annual revenues, of our sample of the number of business and farm loans made were to small businesses and farms. Further, 48% of these loans were to businesses or farms with annual revenues of less than \$100 thousand. Table I reflects the distribution of our loan sample by business size and annual revenue. However, we were unable to determine from our sample review of consumer loans the extent of lending to borrowers of different income levels.

Table 1

Size of Businesses in Sample (\$000)			
Total Assets		Revenues	
> 1,000	16%	> 500	10%
500-999	16%	200-499	23%
100-499	39%	100-199	19%
< 99	29%	< 99	48%

Geographic Distribution of Loans

A review of the geographic distribution of loans is not meaningful due to the limited number of geographies and absence of any low-income block numbering areas.

Response to Complaints

The bank is in substantial compliance with applicable anti-discrimination laws and regulations. During the evaluation period, SNB received no complaints from the public relating to its CRA performance.