



**Comptroller of the Currency
Administrator of National Banks**

SMALL BANK

PUBLIC DISCLOSURE

June 24, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**First National Bank
Charter Number 13170**

**400 Big Bend Trail
Glen Rose, Texas 76043**

**Office of the Comptroller of the Currency
Southwestern District
500 North Akard, 1600 Lincoln Plaza
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 **First National Bank in Glen Rose** prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of **June 24, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

Institution's CRA Rating: This institution is rated satisfactory.

The lending performance of First National Bank in Glen Rose (FNBG) reflects satisfactory responsiveness to the credit needs of the community served. This assessment is based on the following:

- The loan-to-deposit ratio is reasonable and is on the upper end of the bank's competition in Somervell County.
- A majority of the bank's loans are within its assessment area.
- The distribution of loans reasonably penetrate the different income levels.
- Lending patterns are reasonably distributed throughout the assessment area.

These issues are discussed in detail in this document.

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

Small Institution Assessment Criteria	<u>First National Bank</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	Not Performed - Not Meaningful		
Response to complaints	No complaints were received since the last examination.		

Description of Institution

FNBG is located in the city of Glen Rose, which is the county seat of Somervell County, Texas. The bank has two ATM facilities (one at the bank and one at the power plant) and no branches. FNBG's asset mix consists of 60% loans and 17% investment securities. The bank offers a variety of credit products including loans for interim construction and real estate mortgages (residential and commercial), home improvement loans, commercial financing, farm, and installment loans for consumer purposes. The loan portfolio is comprised primarily of consumer loans (40%) and 1 - 4 family residential (28%). Other loan categories include commercial and industrial (8%), construction and development (9%), and other real estate (13%). The bank offers typical deposit accounts such as checking, savings, NOW, Super-Now, money market, and time accounts.

Access to the bank facility is reasonable and easily reachable from all areas of the community. The bank is located on Highway 67 in the center of the county. Hours of operation are reasonable.

FNBG is a subsidiary of Southwestern Delaware Financial Corporation (SDFC), a one bank holding company. SDFC is a subsidiary of Southwestern Bancshares, Inc. (a Texas Corporation). There are no financial or legal impediments to the bank's ability to meet the credit needs of its assessment area. FNBG's primary business is to serve the banking needs of its community.

Description of Assessment Area

FNBG has identified Somervell County as its assessment area. The county is located 55 miles southwest of Fort Worth, Texas. The county contains two block numbering areas (BNAs) which are not part of any Metropolitan Statistical Area (MSA). The income levels of the BNAs are one middle and one upper income. Population of the assessment area totaled 5,360 in the 1990 U.S. Census Data. Current population (1997) estimates by the Office of Economic Development in Glen Rose are 5,900. The Texas weighted average of Non-MSA census medium family income is \$24,586. This amount is the basis for determining the income designation of individual BNAs. The Texas weighted average of Non-MSA census medium family income tracts is \$31,500. This amount is the basis for determining the income designation of the individual borrowers.

Unemployed labor in the county appears high at 9.7%. However, this figure is down from higher levels of 17.6% in 1993 and 13.8% in 1994 when the Texas Electric Nuclear Power Plant completed construction and reduced the size of its workforce. A demographic breakdown of the assessment area follows:

1990 U.S. Census Data - Demographic Breakdown	
Number of BNA's	2
Population	5,360
Number of Families	1,446
Number of Households	1,923
Percent of Owner Occupied Households	55 %
Percent of Families Below Poverty Level	16 %

While both BNAs are middle or upper income tracts, we noted the presence of families of all different income levels through our testing process. Based on the 1990 U.S. Census, the family makeup by income is:

1990 U.S. Census Data - Somervell County Income Breakout	
Low Income	17.36%
Moderate Income	12.03%
Middle Income	13.42%
Upper Income	57.12%

The employment base is broad and diversified. Major employers include the Texas Utilities Generating Companies, Glen Rose Independent School District, and Glen Rose Medical Center. We performed two community contacts in Glen Rose to ascertain the level of services provided by financial institutions as well as the economic conditions. We noted no unmet community credit needs.

Conclusions with Respect to Performance Criteria

FNBG has demonstrated satisfactory efforts to meet the credit needs of the assessment area. Internal and regulatory reports indicate that the bank's primary loan product is consumer loans which represents 40% of the loan portfolio. These loans are for various reasons including medical, auto, auto repair, home appliance, and miscellaneous needs.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio gauges the institution's volume of lending in comparison to other institutions of similar size, capacity and location in the assessment area. FNBG's LTD ratio was 65% at March 31, 1998. The bank's average of eight quarters of LTD ratios is 62.64%. Both ratios are satisfactory and exceed the LTD ratio at the branch office of a Stephenville bank located in Glen Rose. Only the loans and deposits originated in the Glen Rose branch of Town and Country Bank were included in the comparison. Besides this branch there is no other competition from financial institutions in Glen Rose.

Loans Within the Assessment Area

A majority of loans are within the assessment area. The bank periodically performs its own analysis on the location of loans using the county's six voter precincts and loans from borrowers outside of Somervell county. At September 30, 1997, management's analysis reflected 65% of loans were inside the assessment area. We pulled a sample of 75 consumer loans during our examination. Our sample confirmed that 65% of the loans originated over the past six months were inside and 35% of bank loans were outside of its assessment area.

Loan Distribution by Income Level

Management does not record income information to determine reasonable penetration by income level. From our sample of 75 consumer loans, we determined that the bank had reasonable penetration to individuals of different income levels.

Income Level >>	Low	Moderate	Middle	Upper
Number of Loans	18	14	20	
23				
Percent of Total	23%	19%	27%	31%

We also sampled 10 loans to businesses and farms. We found lending efforts to small businesses and farms are good.

Geographic Distribution of Loans

A geographic distribution analysis was not performed during this examination as it would not be meaningful. The county had no low or moderate income tracts. A drive through the assessment area did not reveal any areas exclusive to one income group. Although a specific analysis was not performed, it did not appear that any area had been arbitrarily excluded from receiving loans.

Response to Complaints

The bank has not received any CRA related complaints since the last examination.

FAIR LENDING

As part of our CRA examination, we reviewed the bank's efforts to comply with antidiscrimination laws and regulations. We found no violation of the substantive provisions of these laws and regulations. We noted no instance of discrimination or disparate treatment during our review.