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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**August 28, 1997**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank West Texas  
Charter Number 12744**

**701 Main Street  
Hale Center, Texas 79041**

**Office of the Comptroller of the Currency  
Southwestern District  
500 N. 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 **First National Bank West Texas** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of August 28, 1997. 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 West Texas is satisfactory. The following highlights the bank's performance:

- The loan-to-deposit ratio meets standards for satisfactory performance given the bank's resources, local credit needs, and local competition.
- A significant volume of the bank's loans was originated to borrowers residing within the assessment area.
- The distribution of the bank's loans among borrowers of different income levels is satisfactory.
- The bank's assessment area, Hale County, has several large block numbering areas. Therefore, a rating of the geographic distribution of the bank's loans would not be meaningful.
- The bank has received no consumer complaints concerning its Community Reinvestment Act performance.

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

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b><u>First National Bank West Texas</u> PERFORMANCE LEVELS</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does not meet Standards for Satisfactory Performance</b>
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	An analysis of the geographic distribution of loans would not be meaningful.		
Response to Complaints	No complaints have been received since the last examination.		

## DESCRIPTION OF INSTITUTION

First National Bank West Texas (FNB) is a subsidiary of First Hale Center, Inc. - a one bank holding company based in Hale Center, Texas. FNB's main office is located in Hale Center with a branch office located in Plainview. Hale Center is located 15 miles south of Plainview. Combined total assets, as of June 30, 1997, were \$33 million, with total deposits of 31 million, and total loans of 12 million. The bank's primary business focus is agricultural lending. While FNB is the only financial institution located in Hale Center, there are several competitors located in surrounding communities.

The bank offers traditional loan and deposit products. The bank does not face any legal impediments or other factors which inhibit it from meeting the credit needs of the assessment area. The prior CRA performance evaluation as of June 13, 1994, rated the bank "Satisfactory."

A breakdown of the bank's loan portfolio as of June 30, 1997, is depicted below:

<b>Loan Type</b>	<b>Dollar Volume (thousands)</b>	<b>Percent of Portfolio</b>
Real Estate	\$ 2,716	22.89%
Commercial	\$ 1,468	12.38%
Agricultural	\$ 5,812	49.00%
Consumer	\$ 1,457	12.29%
Other	\$ 408	3.44%
Total	\$ 11,861	100.00%

## DESCRIPTION OF HALE COUNTY

The Board of Directors has designated Hale County as the bank's assessment area. Hale County is not located within a Metropolitan Statistical Area (MSA). The assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies. According to the 1990 census, Hale County had a population of 34,671.

The statewide median family income for non-MSA areas is \$24,586. The median family income for Hale County is \$23,772. Thirty-eight percent of the families are considered to be within the low- or moderate-income level.

The county's primary city is Plainview, the county seat. The county's economy is primarily agricultural based. The major employers in the area are the Wal-Mart distribution center and the EXCEL meat packing facility. Also, the county and city governments are major employers. The economy is in a growth mode.

Credit needs in the assessment area are centered in small farm operating loans and small dollar consumer loans. There are seven other banks, a credit union, and a Production Credit Association office located in the assessment area resulting in a highly competitive environment. The area's unemployment rate is 5%.

The assessment area contains no low income block numbering areas and only two moderate income areas. The entire assessment area contains nine block numbering areas.

A community contact was made on January 16, 1997, by the Federal Deposit Insurance Corporation. Information obtained from this contact did not identify any unmet credit needs.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### **Loan-to-Deposit Ratio**

The bank has a loan-to-deposit ratio (L/D) that meets standards for satisfactory performance. The ratio has averaged 38.67% from March 31, 1994, to June 30, 1997. Since the prior examination, the bank's L/D ratio has ranged from a low of 30.79% on December 31, 1994, to a high of 48.35% on June 30, 1996. From March 31, 1996, to March 31, 1997, the bank's loan-to-deposit ratio has averaged 39.94% compared to 36.35% for similarly situated institutions during the same period.

### **Lending in the Assessment Area**

A significant majority of the bank's loans were made within the bank's assessment area. Of fifty loans viewed, 94% were to borrowers located within the bank's assessment area. The loan volume is equally distributed between the main office and the Plainview Branch.

### **Loans to Borrowers of Different Incomes and Businesses of Different Sizes**

The distribution of lending to individuals and businesses of different income levels is reasonable. The bank does not perform a Borrower Income Analysis. However, our review of randomly selected credits indicated that the bank extends credit to individuals with a range of income levels. The bank regularly extends loans to individuals with origination balances of less than \$1 thousand. Historically, the majority of these loans is extended to low- or moderate-income borrowers. All

agricultural and small business loans reviewed were extended to borrowers with gross annual revenues of less than \$1 million.

### **Geographic Distribution of Loans**

A geographical distribution analysis of lending patterns throughout the assessment area was not performed. The assessment area encompasses a large geographical area which includes a very diverse population representing all income categories. Therefore, a geographical lending analysis would not be meaningful.

### **Response to Complaints**

No consumer complaints have been received since the last examination. No violations of the substantive provisions of antidiscrimination laws and regulations were identified during this examination. The bank has adequate policies and procedures in place to assist in preventing illegal discrimination.