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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

*August 27, 1997*

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

**First National Bank of Seminole  
Charter Number 16806**

**300 South Main  
Seminole, Texas 79360**

**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 of Seminole** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of August 27, 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**.

- First National Bank's loan-to-deposit ratio meets standards for satisfactory performance. The loan-to-deposit ratio for the eighteen month period ending June 30, 1997 was 65%. This level of lending compares favorably with that of other local banks.
- A substantial majority of First National Bank's loans and other lending related activities are in the bank's assessment area. Based on an analysis of the entire portfolio, 89% of the number of loans were in the bank's assessment area compared to 91% by dollar volume.
- The distribution of borrowers reflects a reasonable penetration among individuals of different income levels and businesses and farming operations of different sizes.
- There have been no consumer complaints with respect to the bank's CRA performance.

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

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b><u>First National Bank of Seminole</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>
<b>Loan-to-Deposit Ratio</b>		X	
<b>Lending in Assessment Area</b>	X		
<b>Lending to Borrowers of Different Incomes and to Businesses of Different Sizes</b>		X	
<b>Geographic Distribution of Loans</b>	Not meaningful		
<b>Response to Complaints</b>	No complaints have been received since the prior examination		

## **DESCRIPTION OF INSTITUTION**

First National Bank of Seminole (FNB) has total assets of \$41 million. The bank is located in Seminole, Texas, with one office located in the city of Seminole, the county seat of Gaines County, Texas. The financial condition of the bank is good; there are no legal impediments or other factors which inhibit this bank from meeting the credit needs of its assessment area. The last CRA examination was performed as of June 30, 1995, and resulted in a "Satisfactory record of meeting community credit needs." The bank faces a moderate level of competition from other financial institutions within the assessment area. The primary business focus is agriculture related.

## **DESCRIPTION OF GAINES COUNTY**

The assessment area has been designated as Gaines County which is a non-MSA county. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate- income tracts. The bank's assessment area consists of three block numbering areas having no tracts designated as low, moderate or upper income tracts in Gaines County. Thirty-eight percent of the families in the assessment area have low or moderate incomes. The population of Gaines County, according to the 1990 census data, is 14,349. The city of Seminole has a total population of 6,526. The United States Department of Housing and Urban Development 1996-updated statewide median family income for all non-Metropolitan Statistical Areas (MSA) is \$28,900. This compares favorably to the median family income for Gaines County, Texas, also a non-MSA, of \$23,861. Rental units make up 27% of the housing units. Persons over 65 years of age make up a small percentage of the population, 9%. Unemployment is relatively low at 3% of the labor force.

Major employers in the area are Seminole Independent School District, 363; Amerada Hess - Oil and Gas Producers, 162; Gaines County, 112; and Memorial Hospital, 102.

Credit needs in the assessment area are centered in small farm operating loans and small dollar general consumer and commercial loans. There are six financial institutions located in the bank's assessment area. Two commercial banks, including this bank, are located in the city of Seminole. They are locally-owned unit banks. Three other financial institutions in the city of Seminole include two finance companies and a Teacher's Credit Union. The other financial institution within the assessment area is a branch of a Panhandle based state bank, located in the city of Seagraves.

One community contact was made during this examination. It was with the Seminole Chamber of Commerce. Information obtained during this meeting did not identify any unmet credit needs; however, the contact did inform us that there is a need for housing in all areas of the city of Seminole.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Management is performing satisfactorily in meeting credit needs of its assessment area, consistent with its resources and capabilities.

### Loan-to-Deposit Ratio

First National Bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's average loan-to-deposit ratio for the eighteen month period ending June 30, 1997, is 65%; the trend is stable. Currently, the loan-to-deposit ratio is 60%, compared to an average 30% for similarly situated institutions within the assessment area, which include community banks engaged primarily in agricultural, small commercial and small dollar general consumer lending in the assessment area.

### Lending in the Assessment Area

A substantial majority of loans and other lending related activities are in the bank's assessment area. First National Bank completed an internal analysis on June 18, 1997, of the lending activities in and out of its assessment area; the analysis revealed the following results:

Loans Within/Outside the Assessment Area				
Assessment Area: Gaines County	Number of Loans	Percentage by Number	Dollar Amount of Loans	Percentage by Dollar Amount
Loop	3	.24%	25,015	.11%
Seagraves	42	3.35%	2,106,281	9.58%
Seminole	1,069	85.18%	17,776,912	80.86%
Total of Loans Within the Assessment Area	1,114	88.77%	19,908,208	90.55%
Total of Loans Outside the Assessment Area	141	11.23%	2,075,449	9.45%

## **Lending to Borrowers of Different Incomes and to Business of Different Sizes**

An analysis of the loan portfolio reflects a reasonable distribution of loans to borrowers of all income levels, including those with low- or moderate-income levels. An analysis of the loans funded to purchase automobiles in 1997 reflects the following income level distribution:

<b>Income Distribution</b>		
	<b>Number of Loans</b>	<b>Percentage</b>
Low- to- Moderate	12	48%
Middle	6	24%
Upper	7	28%
Totals	25	100%

Of the agriculture loans originated by the bank, a substantial majority is to small farmers with gross annual revenues of less than one million. Small farm loans, covering a wide range of loan amounts and a wide range of gross annual revenues, make up 52% of all loans made by the bank.

### **Geographic Distribution of Loans**

A geographic distribution analysis of lending patterns throughout the assessment area was not performed. The assessment area encompasses one county which is a large geographical area and includes a very diverse population. The assessment area is comprised of three block numbering areas, of which all are designated as moderate income level. Therefore, a geographical lending analysis would not be meaningful.

### **Response to Complaints**

First National Bank has not received any comments from the public regarding CRA performance. No consumer complaints have been received since the last examination. No violations of the substantive provisions of anti-discrimination laws and regulations were identified.