



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 30, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Woodsboro
Charter Number 11379**

**320 First Street
Woodsboro, TX 78393-0920**

**Office of the Comptroller of the Currency
5350 South Staples, Suite 405
Corpus Christi, Texas 78411**

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 CRA performance of **First National Bank of Woodsboro, Woodsboro, Texas** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 30, 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 First National Bank of Woodsboro (FNBW) is responsive to community credit needs including low-and moderate-income individuals and areas. This is evidenced by the following:

- The loan to deposit ratio is reasonable given FNBW's size, its financial condition, local economy, and the credit needs of the assessment area (AA). The bank's loan to deposit ratio is 38% as of December 31, 1997 and averaged 34% over the past 12 quarters. The loan to deposit ratio is comparable to similar institutions in its AA.
- A substantial majority of the loans are made within the AA, which is defined as the towns of Woodsboro and Refugio.
- The distribution of borrowers reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income), farms, and businesses of different sizes.
- There have been no consumer complaints regarding the bank's CRA performance during this evaluation period.

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

Small Institution Assessment Criteria	(First National Bank of Woodsboro) 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	Analysis of this criterion was not meaningful.		
Response to complaints	No complaints were received since the prior examination.		

Description of Institution

FNBW is a retail oriented bank with one main office located in Woodsboro, Texas. The bank is independently owned and operated. As of December 31, 1997, total assets equaled \$31 million with gross loans of \$9.4 million (30%). Competition in the AA consists of a national bank and savings bank in Refugio, Texas. Both are locally owned, community oriented, and have similar assessment areas to FNBW. The national bank in Refugio has an onsite Automatic Teller Machine. There are no legal, financial or other factors that impede FNBW's ability to help meet the credit needs of the AA. The last CRA exam of FNBW was February 16, 1995,

FNBW provides a variety of credit products and deposit services to the community. Credit products include consumer, small business, small farm, residential real estate and commercial real estate loans. Additionally, FNBW offers government guaranteed loans for small businesses and small farms. FNBW's loan portfolio is distributed as follows:

Loan Distribution as of December 31, 1997		
Loan Type	Dollar Volume (000's)	% of Loan Portfolio
1-4 Family Residential	1,924	20.44%
Commercial Real Estate	3,457	36.72%
Agricultural	938	9.96%
Commercial	1,412	15.00%
Consumer	1,568	16.65%
Other	116	1.23%
Total	9,415	100.00%

FNBW also participates in two government guaranteed lending programs. As of December 31, 1997, FNBW had originated seven Farm Home Administration Loans (FmHA) with outstanding balances of \$402 thousand and unfunded commitments of \$673 thousand. Additionally, FNBW had one Small Business Administration loan in the amount of \$82 thousand. All of these loans are within FNBW's assessment area.

Assessment Area Description

FNBW designates as its AA the two BNAs that include the neighboring towns of Woodsboro, Bayside and Refugio. Both BNAs are identified as middle income. Woodsboro, Bayside and Refugio are both located in Refugio County. The AA is not located within a Metropolitan Statistical Area (MSA).

Refugio County includes the towns of Refugio, Woodsboro, Bayside, Austwell and Tivoli. All the towns are in rural settings with Woodsboro and Refugio located on Highway 77 approximately 45 miles south of Victoria, Texas and 55 miles north of Corpus Christi, Texas. The 1990 census reports Refugio County has a population of close to 8,000 with the cities of Woodsboro and Refugio representing approximately 3,000 and 4,000, respectively. The updated 1997 Department of Housing and Urban Development median family income is \$31,500.

The largest employers in the area are the Woodsboro and Refugio Independent School Districts, Refugio County, and local city governments. The economy is flat and is dependent on agriculture, ranching and oil/gas industries. The opportunities to attract new businesses are limited.

FNBW identifies consumer loans as the primary community credit need. Our contact with a local community organization emphasized a need for small business loans and affordable housing loans. They mentioned research efforts are underway to establish revolving loan funds for small business loans.

Conclusions with Respect to Performance Criteria

Management is satisfactorily meeting the community credit needs of its AA, including low- and moderate-income individuals, consistent with its resources and capabilities.

- **Loan to Deposit Ratio**

The loan to deposit ratio is reasonable. The average loan to deposit ratio, for the last 12 quarters, is 34% and is comparable to similar institutions in the AA. This includes public funds which were 3.8 million as of December 31, 1997. Net of public funds, the loan to deposit ratio was 44% as of December 31, 1997. This compares to the 48% loan to deposit ratio of First National Bank of Refugio, net of public funds, disclosed in its November 17, 1997 Public Evaluation.

- **Lending in Assessment Area**

Based on a quarterly analysis prepared by the bank for all loans made during the fourth quarter 1997, FNBW extends a substantial majority of its loan within the assessment area. The following table shows the lending within the assessment for consumer, residential, agricultural and commercial loans:

Lending within the Assessment Area (AA)						
	Within AA		Outside AA		Total	
Type of Loan	#	%	#	%	#	%
Consumer	118	94%	8	6%	126	100%
Residential	3	100%	0	0%	3	100%
Agricultural	11	100%	0	0%	11	100%
Commercial	12	80%	3	20%	15	100%
Total	144	93%	11	7%	155	100%

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

FNBW has a reasonable distribution of loans to borrowers of different income and businesses of different sizes. This conclusion is based on a quarterly analysis prepared by the bank for all loans made in the fourth quarter of 1997. The following two tables summarize the loan sample distribution:

Loan Sample Distribution by Income Group										
Family Income Distribution	Low		Moderate		Middle		Upper		Total # of Families	
Area Demographic Characteristics	26%		15%		18%		41%		100%	
# of Families	508		279		345		790		1,922	
Loan Type	#	%	#	%	#	%	#	%	#	%
Consumer	53	45%	20	17%	18	15%	27	23%	118	100%
Residential	0	0%	1	33%	1	33%	1	33%	3	100%
Total	53	44%	21	17%	19	16%	28	23%	121	100%

Lending to Businesses and Farms of Different Sizes										
Gross Revenues	Less than 100,000		100,000-250,000		250,000-1,000,000		More Than 1,000,000		Total	
Loan Type:	#	%	#	%	#	%	#	%	#	%
Commercial	4	33%	0	0%	5	42%	3	25%	12	100%
Agricultural	2	18%	8	73	1	9%	0	0%	11	100%
Total	7	30%	8	35%	5	22%	3	13%	23	100%

- **Responses to Complaints**

During this evaluation period, no consumer complaints regarding the bank's CRA performance were received. Based on the loans sampled in our review, we did not identify any violations of the substantive provisions of the anti-discrimination laws and regulations.