



PUBLIC DISCLOSURE

April 20, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Aspermont
Charter Number 5786**

**Drawer A
Seventh and Washington
Aspermont, Texas 79502**

**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 bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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 bank'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 bank. Upon conclusion of such examination, the agency must prepare a written evaluation of the bank'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 of Aspermont** prepared by the **Office of the Comptroller of the Currency**, the bank's supervisory agency, as of April 30, 1998. The agency rates the CRA performance of an bank consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

BANK'S CRA RATING: This bank is rated **Satisfactory**.

The lending performance of The First National Bank of Aspermont is satisfactory. The following highlights the bank's performance:

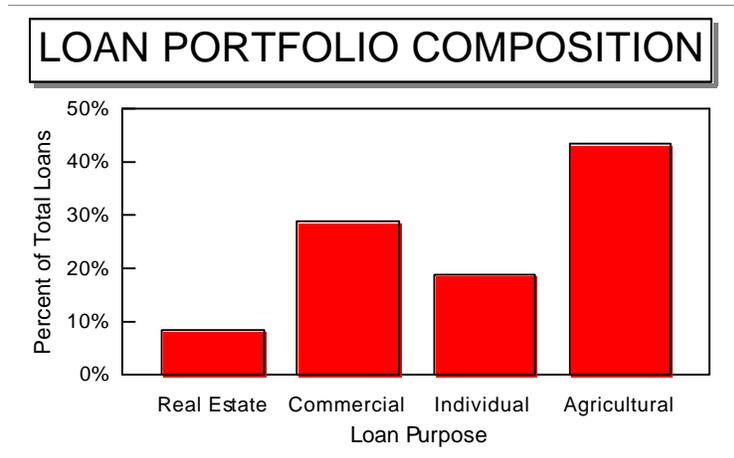
- The loan-to-deposit ratio is reasonable (considering public funds and large depositor concentrations) given the bank's size, financial condition, capacity to lend, and assessment area credit needs.
- A majority of loans and other lending related activities are in the bank's assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes.
- A rating of the geographic distribution of loans would not be meaningful.
- The bank has received no complaints about its performance in meeting assessment area credit needs.

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

| SMALL BANK ASSESSMENT CRITERIA | <u>The First National Bank of Aspermont</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 | 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 BANK

The First National Bank of Aspermont (FNB) is a \$34 million bank located in Aspermont, Texas. The bank has no branches or Automated Teller Machines. Deposit products include certificates of deposit and demand deposit accounts. FNB does not offer savings, NOW, or Money Market Deposit Accounts. Loan products include agricultural, small business, real estate, and consumer loans. Loans represent 21% of total assets as of December 31, 1997. A breakdown of the loan portfolio by purpose is shown below.



Source: December 31, 1997, Report of Condition

FNB's financial condition is favorable and there are no legal impediments that interfere with its ability to make credit available in the assessment area.

DESCRIPTION OF ASSESSMENT AREA

The Board of Directors has designated Stonewall County as the assessment area. The 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. The 1990 census reflects a county population of 2,013. This represents a 16% decline from the 1980 census. The total population declined another 6% from 1990 through 1995.

The economic base of the assessment area is agricultural. Eighty-seven percent of total county land is in farms or ranches. Agricultural related activities include cattle and wheat. Major employers include the Aspermont Independent School District, state and county government, a local hospital, and several oil field and dirt contractors.

The median family income for the State of Texas is \$24,586. The median family income for Stonewall County is \$24,924. The county contains two Block Numbering Areas, one middle-

income and one upper-income. Thirty-eight percent of total households in the assessment area are low- or moderate-income. Twenty percent are middle-income, and forty-two percent are upper-income.

Credit needs in the assessment area include farm operations, cattle, small business, and consumer. We performed a community contact during the evaluation. This contact indicated a need for affordable housing. There are no other financial institutions in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the bank's size, financial condition, capacity to lend, and assessment area credit needs. The ratio has averaged 34% since March 31, 1995. However, FNB has a significant level of public deposits that are not available for lending. The average loan-to-deposit ratio increases to 45% when public funds are subtracted from total deposits. This is within the range of loan-to-deposit ratios for banks in adjacent counties. Additionally, the bank has a concentration of large balance depositors who have limited borrowing needs. Twelve non-public depositors represent 12% of total deposits. These account holders have no borrowing relationships with the bank.

Lending in the Assessment Area

A majority of loans are in the assessment area. Based on an analysis of loans by zip code as of March 27, 1998, eighty-five percent of the number of loans and sixty-nine percent of the dollar volume of loans were to borrowers residing or operating within the assessment area.

Additionally, eighty-six percent of the loans we reviewed in our fair lending analysis were to borrowers who live in Stonewall County.

Loans to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Using consumer loans selected for review in our fair lending analysis, we determined the following income distribution.

| Distribution of Consumer Loans | | | |
|---------------------------------------|---------------------|----------------|--|
| Income Category | No. of Loans | Percent | Percentage of Households in assessment area |
| Low | 10 | 23% | 23% |
| Moderate | 20 | 45% | 15% |
| Middle | 5 | 11% | 20% |
| Upper | 9 | 21% | 42% |

Source: Internal bank records and 1990 U.S. Census

During our examination, we reviewed a number of large commercial and agricultural lending relationships within the assessment area. All of these loans were to small businesses with annual revenues less than \$1 million and small farms with annual revenues less than less than \$500 thousand.

Geographic Distribution of Loans

We did not perform an income-based geographical distribution analysis of lending patterns throughout the assessment area. The assessment area is comprised of only two Block Numbering Areas, neither of which are low- or moderate-income.

Response to Complaints

The bank has received no substantiated complaints about its performance in meeting assessment area credit needs. We did not identify any violations of the substantive provisions of antidiscrimination laws and regulations during this examination.