



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 12, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Haskell National Bank
Charter Number 14149**

**601 North First Street
Haskell, Texas 79521-0998**

**Office of the Comptroller of the Currency
1600 Lincoln Plaza
500 N. Akard Street
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 **Haskell National Bank** prepared by **The Office of the Comptroller of the Currency**, as of February 12, 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**.

Haskell National Bank's lending performance reflects satisfactory responsiveness to its community's credit needs. The bank's loan-to-deposit ratio is reasonable at 32% and is comparable with that of lending institutions in local communities. The majority of loans are within the bank's designated assessment area and penetrate all of the different income sectors.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>(NAME OF FINANCIAL INSTITUTION)</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		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Haskell National Bank has one office and is located in the city of Haskell, Texas, in Haskell County. The bank has total assets of \$48 million with \$14 million in loans. The focus in lending is centered in real estate and agriculture loans, representing 72% of the loan portfolio.

Haskell National Bank is locally owned and managed. There are no financial or legal impediments to the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area has been designated as Haskell county. The bank is located at the middle of Haskell, Texas, which is in the center Haskell county. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The non-MSA area has a population of 6,820 according to census data and a median family income of \$24,607. There are no middle- or upper-income block numbering areas within Haskell county, consisting only of lower-and moderate-income tracts. The primary industries surrounding Haskell are agriculture and ranching. Unemployment amounts to 3.5% of the workforce. The bank's primary competitor within the city of Haskell is the First National Bank of Haskell. The bank also receives limited competition from lending institutions in surrounding communities such as Rule and Stamford, Texas. Housing loans, general consumer loans, and agricultural loans are the primary credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Haskell National Bank's lending performance is satisfactory. The bank's loan-to-deposit ratio averaged 31% for the past four quarters and is similar to that of the other local institutions. As of December 31, 1996, the loan-to-deposit ratio was 32%.

Assessment Area Concentration

The bank makes real estate, agriculture, consumer, and small business loans. A majority of these loans are within the designated assessment area and are to individuals with differing income levels. Analysis performed during this exam covering all new loans originated within the past 12 months indicated approximately 90% of the loans are in Haskell county.

Income Distribution

While the bank obtains income information on its loan customers, there is no internal analysis to determine the level of penetration into the different income levels. The results of a random sample of consumer loans determined there is a reasonable penetration of loans among individuals of different income levels. Of the sampled consumer loans, 75% were to low- and moderate-income borrowers. Fair lending review also indicated 1-4 family mortgage loans are primarily centered in moderate-income tracts.

Management has exhibited flexibility in structuring its consumer and small business credits which has enabled low- and moderate-income borrowers to obtain credit. Internal reports reflect show the bank has 95 loans with origination balances of less than \$1M. These loans range from \$150 to \$987 and 61 of the credits originated at \$300 or less. Of the bank's agriculture and small business customers, these borrowers predominantly consist of businesses with gross revenues below \$1 million.

Response to Substantiated Complaints

During this evaluation period, Haskell National Bank has not received any consumer complaints regarding CRA performance. Further, based on the fair lending portion of the examination, no violations of the substantive provisions of anti-discrimination laws and regulations were identified.