



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

January 7, 2013

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

The First National Bank of Anson  
Charter Number 6091

1021 12th Street  
Anson, TX 79501

Office of the Comptroller of the Currency

9003 Airport Freeway  
Suite 275  
North Richland Hills, TX 76180-9127

**NOTE:** This document is an evaluation of this 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. 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.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory**

The First National Bank of Anson's (FNB) lending performance reflects a satisfactory response to community credit needs. Factors in our assessment include:

- FNB's loan-to-deposit ratio is reasonable, given the resources, local credit needs, and local competition.
- A substantial majority of loans and other lending-related activities are within the bank's assessment area.
- The distribution of loans reflects excellent penetration to low- and moderate-income families, households and small businesses.
- The distribution of loans reflects reasonable dispersion throughout the assessment area.

## SCOPE OF EXAMINATION

With the release of the 2010 Census data, the loans extended in 2012 will be presented in context of this data. Loans extended prior to 2012 will be considered in context of the 2000 Census data. This Performance Evaluation (Report) contains analysis and tables for both periods. For simplicity, any analysis on 2011, and earlier, data will be labeled "2011 Data" and analysis on 2012 data will be labeled "2012 Data".

Our review considered lending activity since the prior CRA examination (March 1, 2007) and focused on FNB's three primary product lines: 1-4 family refinance, general commercial loans, and general consumer loans. Our samples considered all 1-4 family refinance loans originated since the prior CRA examination and 20 loans from each of the remaining primary portfolios for 2011 Data and 2012 Data, a total of 80 loans. The general commercial and general consumer samples were randomly selected. For the ***Lending to Borrowers of Different Incomes, Lending to Businesses of Different Sizes*** and ***Geographic Distribution of Loans*** we omitted loans that were made outside of the assessment area and replaced them with loans inside the assessment area.

## DESCRIPTION OF THE FIRST NATIONAL BANK OF ANSON

FNB is a community bank located in Anson, Texas, which is located approximately 30 miles northwest of Abilene, Texas. The bank operates from two locations; the main facility located in downtown Anson and a branch is located in Hawley, Texas. Hawley is approximately 15 miles southeast of the main banking facility. Both banking facilities are located in Jones County, which is FNB's defined assessment area. FNB operates drive-up services at both facilities and two Automated Teller Machines, one in Anson and one at the Hawley branch.

FNB is locally-owned and -managed. FNB is 100% owned by Anson Bancshares, Inc., a one-bank holding company. There have been no recent changes in the bank's corporate structure, and none are currently planned. Primary competition consists of other national banks, state banks, and credit unions located throughout Jones County. In addition, strong competition is posed by a number of financial institutions located in Abilene, Texas.

The most recent CRA examination was performed as of March 1, 2007 and resulted in a "Satisfactory" rating. There are no legal or financial impediments to FNB's ability to meet the credit needs of its assessment area.

FNB is a full-service bank offering a wide variety of loan and deposit products. As of September 30, 2012, FNB had total assets of \$55 million, total loans of \$22 million, and total deposits of \$49 million. FNB's primary business is related to consumer lending, both 1-4 family residences and general consumer purposes. The following table presents the bank's loan information as of September 30, 2012.

<b>Loan Portfolio Composition</b>	<b>\$ (000)</b>	<b>%</b>
Residential Real Estate	\$6,739	31.2%
Commercial	\$5,231	24.2%
Consumer Loans	\$4,832	22.4%
Agricultural Production/Other Agricultural	\$2,448	11.3%
Farmland Real Estate	\$1,449	6.7%
Commercial Real Estate	\$731	3.4%
Other Loans	\$174	0.8%
<b>Total (% of Total Assets; 39%)</b>	<b>\$21,604</b>	<b>100.0%</b>

*Source: September 30, 2012 Report of Condition.*

## DESCRIPTION OF JONES COUNTY

FNB defines its assessment area as Jones County. The assessment area is legal and meets the requirements of the regulation. According to the 2010 Census, approximately 20,202 persons live in Jones County. The county is located in the Abilene, Texas Metropolitan Statistical Area. Anson is the county seat of Jones County. There are a total of six Census Tracts (CT's) in the assessment area. Refer to the following table for CT designations. There is no income information reported for CT 201.02 and it is designated as Not Applicable (N/A). Such tracts usually are occupied by institutions such as prisons, universities, and so forth. CT 201.02 is an N/A tract because it only contains the Middleton and North Robertson Prison Units. The following table presents demographic and economic information for Jones County.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF JONES COUNTY</b>		
	<b><u>2000 Census Data</u></b>	<b><u>2010 Census Data</u></b>
<b><i>Population</i></b>		
Number of Families	4,535	4,048
Number of Households	6,143	6,022
<b><i>Geographies</i></b>		
Number of CT's	6	6
% Low-Income CT's	0	0
% Moderate-Income CT's	2	1
% Middle-Income CT's	3	3
% Upper-Income CT's	0	1
% N/A-Income CT's	1	1
<b><i>Median Family Income (MFI)</i></b>		
MFI for Jones County	\$39,988	\$52,886
HUD-Adjusted MFI	\$52,200	\$52,900
<b><i>Economic Indicators</i></b>		
Unemployment Rate	6.1%	8.7%
Median Housing Value	\$37,177	\$50,527
% of Households Below Poverty Level	17.53%	11.94%

Source: 2000 & 2010 U.S. Census data.

The primary credit needs of the community are 1-4 family finance (home purchase or home improvement), general business and general consumer, in that order. The economy of the area continues to be dependent on the agriculture industry, which has been depressed for the past several years. The assessment area is suffering one of the worst droughts on record. Unemployment levels in the area have remained steady. Major employers in the area are primarily tied to the school districts of the three primary communities; Anson, Stamford and Hamlin, and city/county government offices.

We considered information from one community contact in the assessment area that was made in connection with this CRA examination. According to this contact, the immediate credit needs of the community are being fulfilled. We identified no complaints against the bank regarding CRA performance.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Our conclusions in this section are based on the lending activity since the prior CRA examination dated March 1, 2007. We used loan, borrower income, and assessment area data provided by the bank and tested it for accuracy. Refer to the **SCOPE OF EXAMINATION** section of this Report for details on the sampling process. While FNB's efforts exceed the standards in 2 of the 4 areas tested, a majority of consideration is placed on the Loan-to-Deposit ratio. For this reason, the overall assessment of FNB's lending efforts is satisfactory.

### Loan-to-Deposit Ratio

FNB's average loan-to-deposit (LTD) ratio is reasonable and meets the standards for satisfactory performance.

The LTD ratio measures the extent to which the subject bank has returned the deposits it has received to the community in the form of loans. The average of such ratios for each quarter-end since the prior CRA examination was used to determine performance in this area. The average LTD ratio for FNB since the prior CRA examination was 51.98%. The assessment area and surrounding counties contain twelve other institutions with which to compare FNB. The average LTD ratios, for the same period, of these banks ranged from 14.8% to 87.6%. FNB's LTD ratio is within the range of competing institutions. This ratio is reasonable and reflects satisfactory efforts to meet the credit needs of the communities served.

### Lending in Assessment Area

A substantial majority of lending activity occurs within FNB's assessment area, which exceeds the standards for satisfactory performance.

This section quantifies what proportion of the bank's lending activity was within its assessment area. An institution that exhausts its resources lending in other areas, to the exclusion and detriment of its own assessment area, would be considered less than satisfactory. However, a significant majority of FNB's lending efforts are concentrated within the assessment area.

To assess the FNB's performance, we used the samples described above. Based on our sample results, a substantial majority of loans were originated within FNB's assessment area. The following tables reflect the results of our assessment of FNB's efforts to lend within its assessment area.

<b>Lending in the Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b><i>2011 Data</i></b>										
1-4 Family Refinance	76	85	13	15	89	2,779	81	657	19	3,436
General Commercial	16	80	4	20	20	179	76	57	24	236
General Consumer	14	70	6	30	20	374	55	307	45	681
<b><i>Total for 2011 Data</i></b>	<b>106</b>	<b>82</b>	<b>23</b>	<b>18</b>	<b>129</b>	<b>3,332</b>	<b>77</b>	<b>1,021</b>	<b>23</b>	<b>4,353</b>
<b><i>2012 Data</i></b>										
1-4 Family Refinance	33	92	3	8	36	1,395	79	375	21	1,770
General Commercial	19	95	1	5	20	90	99	1	1	91
General Consumer	17	85	3	15	20	258	80	66	20	324
<b><i>Total for 2012 Data</i></b>	<b>69</b>	<b>91</b>	<b>7</b>	<b>9</b>	<b>76</b>	<b>1,743</b>	<b>80</b>	<b>442</b>	<b>20</b>	<b>2,185</b>
<b><i>Overall Totals</i></b>	<b>175</b>	<b>85</b>	<b>30</b>	<b>15</b>	<b>205</b>	<b>5,075</b>	<b>78</b>	<b>1,463</b>	<b>22</b>	<b>6,538</b>

*Source: Data reported under HMDA and loan samples.*

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

FNB's loan distribution reflects excellent penetration to the different household income levels as well as businesses of different sizes, which exceeds the standards for satisfactory performance.

The bank obtains and analyzes applicant income information during the loan decision process; however this information is not used for CRA purposes. To assess FNB's efforts, we used the samples described above. Also, the bank does not have a minimum loan amount in policy. We reviewed the loan trial and noted a number of loans for \$1,000 or less (the lowest was \$175.00), and noted an additional number of other credits for \$1,500 or less. These combined factors indicate that the bank is meeting the credit needs of the community.

Borrower Distribution of Consumer Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans
<b><u>2011 Data</u></b>	25.5%	25%	16.0%	25%	19.3%	20%	39.2%	20%
<i>(Income information was not available on 10% of the number and 5% of the dollars sampled.)</i>								
<b><u>2012 Data</u></b>	23.2%	45%	15.7%	10%	20.6%	15%	40.5%	20%
<i>(Income information was not available on 10% of the number and 1% of the dollars sampled.)</i>								

Source: Loan samples and 2000 & 2010 U.S. Census data.

Borrower Distribution of 1-4 Family Refinance								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
<b><u>2011 Data</u></b>	23.9%	18.9%	20.5%	21.6%	23.2%	31.1%	32.4%	25.4%
<b><u>2012 Data</u></b>	16.7%	24.2%	18.1%	21.2%	26.6%	27.3%	38.6%	27.3%

Source: Data reported under HMDA and 2000 & 2010 U.S. Census data.

A significant majority of FNB's commercial loans are to businesses with gross annual revenues of less than \$1 million. The following table illustrates the lending distribution to businesses located within the bank's assessment area.

Borrower Distribution of Commercial Loans				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
<b><u>2011 Data</u></b>				
% of AA Businesses	68.2%	1.8%	30.0%	100%
% of Bank Loans in AA by #	90%	0%	10%	100%
% of Bank Loans in AA by \$	98%	0%	2%	100%
<b><u>2012 Data</u></b>				
% of AA Businesses	71.6%	2.3%	26.0%	100%
% of Bank Loans in AA by #	85%	5%	10%	100%
% of Bank Loans in AA by \$	41%	56%	3%	100%

Source: Loan sample; Dunn and Bradstreet data.

## Geographic Distribution of Loans

FNB's geographic distribution of loans reflects reasonable dispersion throughout the assessment area, given the bank's size, primary loan products, and the assessment area's demographics. The following table illustrates the lending distribution of our samples during the rating period.

Geographic Distribution of 1-4 Family Refinance Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
<b><u>2011 Data</u></b>	0.0%	0.0%	40%	83%	60%	17%	0.0%	0.0%
<b><u>2012 Data</u></b>	0.0%	0.0%	21%	3%	68%	97%	11%	0.0%

Source: Data reported under HMDA and 2000 & 2010 U.S. Census data.

Geographic Distribution of Consumer Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
<b><u>2011 Data</u></b>	0.0%	0.0%	43%	75%	57%	25%	0.0%	0.0%
<b><u>2012 Data</u></b>	0.0%	0.0%	25%	5.0%	65%	85.0%	10%	10%

Source: Loan Samples and 2000 & 2010 U.S. Census data.

Geographic Distribution of Loans to Businesses (1)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
<b><u>2011 Data</u></b>	0%	0%	33%	45%	50%	55%	0%	0%
<b><u>2012 Data</u></b>	0%	0%	17%	10%	50%	80%	17%	10%

Source: Loan Samples and 2000 & 2010 U.S. Census data.

(1) The “% of AA Businesses/Farms” columns do not total 100% due to the N/A CT discussed earlier.

The 2000 Census designated CT 202 as moderate income. This CT encompassed the community of Anson, Texas, and the immediate surrounding area. As noted in the table above, the **2011 Data** reflects a significant level of loans from our samples originating in moderate income tracts. The 2010 Census designated CT 202 as middle income. The remaining moderate income CT is located in the Northeast corner of Jones County in a community of Stamford, which is serviced by three other financial institutions. It is reasonable to assume that applicants from this CT would not bypass local financial institutions to seek credit at FNB.

The Unknown CT is 201.02, which, as noted earlier only contains the Middleton and North Robertson prison units and there is no income information to report.

### Responses to Complaints

There were no CRA related complaints since the prior CRA Examination.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.