



**Comptroller of the Currency
Administrator of National Banks**

PUBLIC DISCLOSURE

June 1, 1997

COMMUNITY REINVESTMENT ACT Performance Evaluation

**FIRST NATIONAL BANK OF CLOVIS
Charter Number 8397**

**709 Pile Street
Clovis, New Mexico 88102**

OFFICE OF THE COMPTROLLER OF THE CURRENCY

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 Clovis** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **June 1, 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 of Clovis serves its community through three branches and two automatic teller machines (ATMs). The loan-to-deposit ratio is reasonable and the majority of the loans are in the bank's assessment area. Geographic distribution of loans covers all of the bank's assessment area. Distribution of loans, both by borrower's income and business size, is very good. Additionally, the bank is very active in small farm lending.

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

FIRST NATIONAL BANK OF CLOVIS Performance Levels			
Small Institution Assessment Criteria	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-deposit ratio		✓	
Lending in assessment area	✓		
Lending to borrowers of different incomes and to businesses of different sizes		✓	
Geographic distribution of loans	✓		
Response to complaints	No Complaints were received since the prior examination		

DESCRIPTION OF INSTITUTION

First National Bank of Clovis is a \$104 million dollar institution which operates in Curry and Roosevelt counties. The bank has a long history in this community and has identified itself as a "bank which still believes in agriculture." Services are delivered to the community through three full service branches and two automated teller machines (ATM). Branches are located in the City of Clovis and in the Village of Melrose. No offices were opened or closed since the last examination. First National Bank of Clovis is a wholly owned subsidiary of National Bancshares, Inc. The bank offers a wide range of deposit and loan products to individuals, farmers, ranchers, and small businesses. As of March 31, 1997, the bank reported net loans of \$63 million and deposits of \$93 million.

DESCRIPTION OF ASSESSMENT AREA

The bank has designated all of Curry and Roosevelt counties as its assessment area. These are adjacent counties located in the eastern border of New Mexico. The cities of Clovis and Portales are the county seats. The primary industries are agriculture, government, retail trade and services, and transportation. There is a university and a community college within this assessment area. Cannon Air Force Base is located in the western edge of the City of Clovis.

The following information is derived from the 1990 census and describes the demographics of the population in the bank's assessment area:

	Curry County		Roosevelt County		TOTAL	
	Count	%	Count	%	Count	%
Amer Ind/Esk/Alaskan	257	1%	192	1%	449	1%
Asian/Pacific Islander	798	2%	106	1%	904	2%
Black	2,898	7%	177	1%	3,075	5%
White	32,050	76%	13,322	80%	45,372	77%
Other Race	6,207	15%	2,905	17%	9,112	15%
TOTAL PERSONS	42,210	100%	16,702	100%	58,912	100%
Hispanic	9,883	23%	4,490	27%	14,373	24%
Minority	13,776	33%	4,981	30%	18,757	32%
Persons over 65	4,560	11%	2,237	13%	6,797	12%

Curry County is comprised of 11 census tracts (CT). Of these, three are designated as moderate income, six are middle income, and two are upper income. Seven of the 11 CTs are located in the City of Clovis. These include three moderate income CTs, two middle income CTs and two upper income CTs. Roosevelt County is comprised of five Cts. Of these, one is moderate income, three are middle income, and one is upper income. There are no low income CTs in either counties. These income areas are based on the statewide nonmetropolitan median family income (from the 1990 census) within each individual CT. If the CT is less than 50% of the statewide nonmetropolitan median family income, it is categorized as low income; moderate is between 50% and 79%; the middle income range is 80% to 119% and the upper range is income of 120% and above the median family income. The New Mexico statewide nonmetropolitan median family income is \$23,166.

The City of Clovis is a highly competitive financial market. In addition to the First National Bank of Clovis, the community is serviced by branches of two large national banks, two independent commercial banks, a federal savings bank, and two federal credit unions. In Roosevelt County, there are three national banks and branches of two financial institutions based in Clovis. First National Bank of Clovis is the third largest independent financial institution in the area.

Community members contacted identified affordable housing and development of the downtown business district as the two most pressing issues in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable. As of March 31, 1997 it was 67.9%. The ratio of 246 similarly sized banks nationwide was 71.5%. Over the last 11 quarters, the evaluation period for this rating, the average ratio is 64.9%. This bank compares favorably with the largest bank in town, which has a loan-to-deposit ratio of 54.7% as of December 31, 1996. Another bank in the area had a higher ratio of 83%, however, this bank is considerably smaller and not comparable.

Lending in the Assessment Area

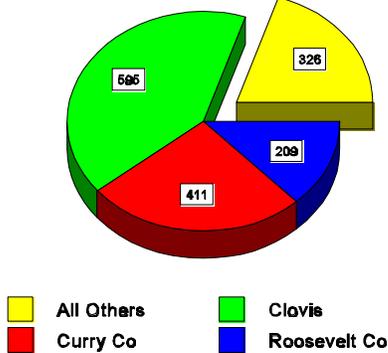
First National Bank of Clovis has done a good job in lending within its assessment area. The bank has performed an analysis of all loans originated since April 1996 and found that 80% of its loan volume is located in Curry and Roosevelt counties.

In addition, we reviewed the bank's credit card customers. These loans were not included in the bank's analysis. Our analysis shows that 74% of the credit card customers reside in the bank's assessment area.

The following charts provide additional detail regarding the bank's loans and credit cards:

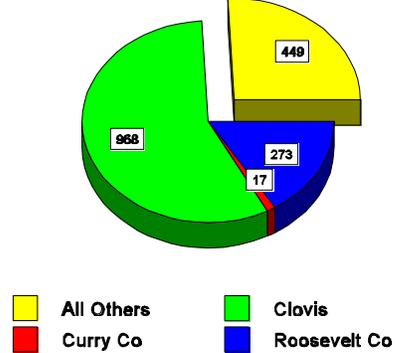
Loans Originated

4-18-96 to 6-6-97



Credit Card Accounts

As of May 2, 1997



Due to the rural area surrounding Clovis, many of the loans located outside the bank's assessment area are from customers who reside in towns without banking institutions. The great majority of the bank's loans are made to customers within a 65-mile radius of the bank. Additionally, many of the bank's credit card customers are military personnel originally assigned to Cannon Air Force Base. As they are transferred to another military installation, they often keep their credit card accounts with the bank.

Lending to Borrower's of Different Incomes and Businesses of Different Sizes

The bank's distribution of loans to small farms and businesses is very good. Their internal analysis shows that 67% of the bank's total loans were made to small farms and businesses. This represents \$46 million in loans, with \$30 million in loans less than \$100 thousand. These are essentially all of the commercial loans in the bank's portfolio, with the remaining balance in consumer loans. Additionally, the 1990 census corroborates that all farms in Curry County had sales less than \$1 million and therefore considered "small."

Lending to borrowers of all income levels is adequate. The demographics of the bank's assessment area reflect a presence of all income levels within the population. As mentioned, the bank extends loans to all areas within its community. Further analysis shows that the bank lends in all areas of its community without differentiation or discrimination.

Geographic Distribution of Loans

First National Bank of Clovis' distribution of loans within its geographic area is very good. An internal analysis shows that loans were made in all CTs within the City of Clovis and surrounding

Curry and Roosevelt Counties. No areas have been excluded.

The bank's internal analysis shows that 15% of all loans originated between April 18, 1996 to June 6, 1997 were made to borrowers residing in the moderate income CTs. Furthermore, 16% of loans were made in two moderate CTs located in Clovis and 10% were made in two upper income CT in Clovis. The balance of the loans and census tracts were outside the City of Clovis and tracked by the bank in the aggregate by county designation.

Loans Originated Between 4-18-96 thru 6-6-97				
Area	# of loans	% of total	\$ (000's)	% of total
Clovis: CT 1.00	47	3%	657	2%
Clovis: CT 2.01	53	3%	491	1%
Clovis: CT 2.02	57	4%	309	1%
Clovis: CT 3.01	110	7%	2,011	5%
Clovis: CT 3.02	195	12%	3,496	9%
Clovis: CT 4.00	96	6%	834	2%
Clovis: CT 5.00	90	6%	2,992	7%
Clovis (subtotal)	648	41%	10,790	27%
Curry Co.	411	26%	11,707	30%
Roosevelt Co.	209	13%	9,657	24%
Other	326	20%	7,555	19%
TOTAL	1,594	100%	39,709	100%

Response to Complaints

During the evaluation period, First National Bank of Clovis did not receive any complaints from the public regarding their CRA performance. The bank is in compliance with the substantive provisions of anti-discrimination laws and regulations.