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Comptroller of the Currency  
Administrator of National Banks

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## PUBLIC DISCLOSURE

June 24, 1996

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank  
Charter Number 8787  
Main and Central  
Byers, Texas 76357

Office of the Comptroller of the Currency  
Southwestern District  
1600 Lincoln Plaza  
500 North Akard  
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 The First National Bank prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 24, 1996. 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's performance reflects a Satisfactory record of meeting community credit needs. The bank's loan to deposit ratio at 55% is reasonable and comparable to other area institutions. Most of the loans are within the bank's designated assessment areas and reasonably penetrate the different income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	The First National Bank 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 consumer complaints have been received since the previous examination.		

## DESCRIPTION OF INSTITUTION

The First National Bank (FNB) is a community bank that is owned by Byers Bancshares, Inc., a one bank holding company, that is located in Byers, Texas. FNB had approximately \$40 million in total assets as of March 31, 1996. The bank's loan portfolio represented 50% of total assets and was comprised of the following: agriculture loans 44%, consumer loans 26%, commercial 20%, and residential mortgages 8%. FNB Byers has two offices that serve the credit needs of the residents of both Clay County and the City of Wichita Falls, Texas. The bank's main office is located in Byers, Texas and primarily serves the agriculture and consumer credit needs of Clay County residents. FNB Byers branch office, which was opened in 1994, is located in Wichita Falls, Texas. The branch primarily serves the small business and consumer lending needs of Wichita Falls residents. Also, the branch location has an automated teller machine on its premises to serve the banking needs of its customers and other residents in this assessment area.

FNB Byers main competitor in Clay County is First National Bank, Henrietta, Texas. Additional competition in Clay County is offered by branches of other area financial institutions located in Henrietta, Texas. Competition in Wichita Falls continues to be strong due to the presence of several established financial institutions, most of which are locally owned, and two multinational banks. FNB Byers' financial condition does not inhibit its ability to meet the credit needs in its assessment areas. Additionally, there are no legal impediments that restrict the bank's ability to meet community credit needs.

## DESCRIPTION OF THE ASSESSMENT AREA (AA)

The bank's AAs are Clay county and the City of Wichita Falls. AAs meet the requirements of the regulation and do not exclude low to moderate income geographies.

### CLAY COUNTY

Clay county is the assessment area that is served by the main office of the bank. It is a homogeneous community that does not have any low to moderate income areas. The primary industry in Clay County is agriculture. Management of the bank has diligently worked to satisfy the credit needs of the farmers and ranchers in this AA by providing sound credit products on flexible terms to facilitate the agricultural trade throughout the county.

## DESCRIPTION OF THE ASSESSMENT AREA (Continued)

## CLAY COUNTY

We discussed management's record of providing for this AAs credit needs with community leaders. These individuals indicated that the bank has a solid reputation throughout its AA for providing loans to local farmers, ranchers, and consumers. Furthermore, they indicated that management of the bank actively participate in activities designed to enhance the agricultural industry of Clay county. Community leaders, also, indicated that there were no unserved credit needs. Clay county is the assessment area that is served by the main office of the bank. The most salient characteristics of this AA are as follows:

DEMOGRAPHIC INFORMATION OF CLAY COUNTY	
Population	10,024
Median Household Income	24,285
Major Industry	Farming and Ranching
Major Employer	Local Government
Unemployment Rate	3.90%
% of Low to Moderate Income Households	35%

## WICHITA FALLS, TEXAS

The branch office of the FNB is located in Wichita Falls, Texas. This office serves the credit needs of this entire city. The City of Wichita Falls is a diverse metropolitan statistical area that has 34 census tracts which are comprised of the following number of households:

Description	Number Census Tracts	Number of Households
Low Income	5	2,566
Moderate Income	9	8,362
Middle Income	12	15,067
Upper Income	8	11,099

## DESCRIPTION OF THE ASSESSMENT AREA (Continued)

The demographic information of Wichita Falls reflects the diversity of its economy; and the disparity of its residents income levels. The economy of Wichita Falls is diversified and is supported by the following industries: retail, services, and manufacturing. Additionally, Sheppard Air Force Base and other governmental organizations employ 20% of the city's labor force.

The income levels of Wichita Falls residents is disparate. This is primarily evidenced by 41% of census tracts being located in low to moderate income areas. Our contact with community leaders revealed that bank management is an active participant in both projects and activities designed by community leaders to enhance the social and economic standards of low to moderate income residents. Community leaders indicated that FNB has a good reputation for serving the credit needs of all Wichita Falls residents. The branch AA does not exclude low to moderate income areas. For additional demographic information about Wichita Falls refer to the table below:

DEMOGRAPHIC INFORMATION OF WICHITA FALLS	
Population	100,437
Median Household Income	22,659
Major Industry	Services
Major Employer	USAF-Sheppard
Unemployment Rate	3.00%
% of Low to Moderate Income Households	30%

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FNB's type and volume of lending within its AA indicates the bank is satisfactorily meeting the community's credit needs. The bank has a reasonable loan to deposit (LTD) ratio given its assets size, financial condition, the known credit needs of its AA, and local economic conditions. The bank's LTD ratio averaged 55% since its last CRA review in June of 1993. The bank's LTD ratio compares favorably to the LTD ratios of local bank's of similar size and characteristics, which range from 40% to 50%.

A substantial majority of loans and other lending related activities are in the bank's AA. Management provided internal reports to document the geographic distribution of their loan portfolio. Our analysis revealed that 85% of loans originated at the Byers location; and 95% of loans originated at the branch location were within their respective AAs.

Loans to individuals with different income levels within the AA are reasonable. Our analysis of loans by income level was performed by analyzing the bank's average loan size for each product type; and reviewing the volume of loans with an original balance of less than \$1,000.00. As a result of this review we found that 14% percent of the bank's total number of loans had an original balance of less than 1,000.00. Furthermore, the bank's average loan size for consumer loans was \$7,000 and its average loan size for residential mortgages was \$18,000. Therefore, we were able to determine that the bank provides credit for low to moderate income residents.

The bank's geographic distribution of loans reflects reasonable dispersion throughout its AA. Our analysis of all loans originated in Wichita Falls revealed that 21% of them were originated in low to moderate income areas. The composition of these loans as a percentage of total loans include: small business loans 15% and consumer loans 6%. A geographic analysis of Clay county was not performed during this examination as it would not be meaningful. There are no distinguishable low to moderate income areas in this AA, therefore, plotting loans in a geographical analysis would not be representative of the specific income of individuals in specific geographies.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

During the evaluation period, FNB Byers received no negative responses from the public regarding its CRA performance. Based on the fair lending portion of our examination, no violations of the substantive provisions of anti-discrimination laws and regulations were identified. The type and volume of lending in these areas indicates the bank is satisfactorily meeting the community's credit needs. Community contacts with local civic leaders indicate that the bank is active in providing credit to low to moderate income individuals.