



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 19, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Coleman National Bank
Charter Number 13595**

**100 Commercial Avenue
Coleman, Texas 76834**

**Comptroller of the Currency
1600 Lincoln Plaza
500 North 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 **First Coleman National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 19, 1998. 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**.

The lending performance of First Coleman National Bank reflects satisfactory responsiveness to its community's credit needs as illustrated by the following:

- The loan to deposit ratio is reasonable in comparison to other institutions in the Coleman County assessment area.
- A substantial majority of the number and dollar volume of loans originated during this evaluation period are within Coleman County.
- The lending pattern reflects a reasonable penetration among borrowers of all income levels and businesses of different sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The bank has received no consumer complaints concerning its CRA performance since the previous examination, dated March 16, 1995.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	First Coleman 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 complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

First Coleman National Bank (FCNB) is located in the city of Coleman, Coleman County, Texas. The bank has one ATM facility located in the Shoppin Basket grocery store, 113 W. College, Coleman, Texas. As of December 31, 1997, assets totaled approximately \$50 million. FCNB is wholly owned by Olney Bancshares of Texas, Inc., Olney, Texas, an eight bank holding company with approximately \$338 million in total assets.

FCNB's primary lending focus is on agriculture. As of December 31, 1997, total loans were \$36 million. The loan portfolio is comprised of agriculture-related (57%), consumer (19%), commercial (13%), and home mortgage (11%). This distribution is consistent with FCNB's main business strategy and expertise.

There are no financial impediments which would hamper FCNB's ability to help meet the credit needs of its assessment area. FCNB's CRA performance was last evaluated as of March 16, 1995. At that time, FCNB's overall performance was rated "satisfactory".

DESCRIPTION OF PARKER COUNTY

The Board has designated Coleman County as the bank's assessment area. Coleman County consists of five block numbering areas (BNAs). This designation meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to 1990 census data, Coleman County has one moderate-income BNA and four middle-income BNAs. There are no low-income BNAs in the bank's assessment area. The population of the county is 9,710. The updated weighted average median family income is \$31,500. According to this same data, low-income families comprise 30% of all families in the county, while another 20% are moderate-income families, 17% are middle-income families, and 33% are upper-income families.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FCNB's lending performance is satisfactory. The bank makes agriculture, consumer, small business, and home mortgage loans throughout the assessment area to individuals and businesses with differing income levels. Most notably, the bank extended 574 loans, or 30% of all loans made in 1997, less than \$1,000 to local consumers for basic living needs. Our review of fair lending regulations revealed no evidence of discriminatory practices, and no violations of the substantive provisions of antidiscrimination laws.

Recent interviews conducted with area civic organization leaders were helpful in understanding the context of the bank, the community, and local competitors. These community representatives responded favorably to the bank's presence in the community in providing the assessment area's credit needs.

Loan to Deposit Ratio

Over the past nine quarters dating back to December 31, 1995, the average loan to deposit ratio for FCNB is 67%. This is a reasonable level of lending when compared to other area financial institutions whose loan to deposit ratios range from 50% to 71% during the same time frame.

Assessment Area Concentration

A substantial majority of FCNB's loans are made within the Coleman County assessment area. Our review revealed that 80% of the entire number of loans funded in 1997 and 66% of the dollar volume of these loans are within the assessment area. We also reviewed a sample of consumer loans extended in 1997 and found that 100% of these loans are within the assessment area.

Competition in FCNB's assessment area includes one local national bank and one local state bank. Additionally, a savings and loan branch is located in the assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

FCNB's loan distribution reflects a satisfactory penetration among borrowers of different income levels. Our sample included the "Spring Spruce Up" home improvement loan portfolio and a sample of used automobile loans extended in 1997 within the assessment area. This review enabled us to assess the appropriateness of the distribution among different borrower income levels. The following table represents the distribution of the loan originations sampled by income level.

Loan Sample Distribution by Income Group										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total # of Families	
Dollars in 000's										
Area Demographic Characteristics	30.30%		19.56%		16.68%		33.46%		100.00%	
# of Families	861		556		474		951		2,842	
Loan Product		%		%		%		%		%
Home Improvement	4	10%	12	29%	8	19%	18	42%	42	100%
Consumer Sample	45	24%	18	10%	27	14%	98	52%	188	100%
Total	49	22%	30	13%	35	15%	116	50%	230	100%

The following distribution of commercial lending also reflects an excellent penetration to businesses and farms of different sizes in the assessment area. The table provides detail on the distribution of small business and farm loans. This data substantiates that 72% of these loans extended in 1997 are to businesses and farms with revenues less than \$1 million which is consistent with the market.

Distribution of Small Business and Farm Loan Originations in 1997 Within the Assessment Area				
	#/total	%	\$(000)/total	%
Business	450/461	98%	\$9,795/\$12,400	79%
Farm	154/160	96%	\$2,605/\$4,389	59%
Totals	604/621	97%	\$12,400/\$16,789	74%
Distribution of Businesses and Farms in the Assessment Area by Annual Revenues of the Business or Farm:				
	< 1 Million	72%		
	> 1 Million	28%		
	Unknown	0%		

Geographic Distribution of Loans

The bank is reasonably extending credit throughout the entire assessment area, including the one moderate-income geography. This determination is based on data provided by bank management on loans funded in the assessment area during 1997. The moderate-income tract encompasses all of the city of Coleman and some of the surrounding rural area.

Distribution of Loans by Income Level of Tract										
	Low-Income 0 Tracts 0%		Mod-Income 1 Tract 20%		Mid-Income 4 Tracts 80%		Upper-Income 0 Tracts 0%		Total 5 Tracts 100%	
	#	%	#	%	#	%	#	%	#	%
All Loans Originated in 1997 in Coleman County	0	0%	1,470	77%	438	23%	0	0%	1,908	100%

Response to Substantiated Complaints

FCNB has received no complaints from the public regarding the bank's CRA performance.