



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 21, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Brownfield
Charter Number 11415
301 West Main
Brownfield, Texas 79316**

**Office of the Comptroller of the Currency
Southwestern District
500 N. Akard, 1600 Lincoln Plaza
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 of Brownfield prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 21, 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**.

The First National Bank of Brownfield has a reasonable loan-to-deposit ratio and a substantial majority of lending is within the bank's assessment area. Lending patterns reflect a reasonable penetration among individuals of different income levels and to small farms and small businesses.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The First National Bank of Brownfield</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		Not Meaningful	
Response to Complaints		None have been received since the prior examination.	

DESCRIPTION OF INSTITUTION

The First National Bank of Brownfield (FNB) has one office and two Automated Teller Machines which are located in the city of Brownfield, the county seat of Terry County, Texas. Total assets are \$117 million. The financial condition of the bank is good; there are no legal impediments or other factors which inhibit this bank from meeting the credit needs of its assessment area. The last CRA examination was performed as of January 31, 1994, and resulted in a "Satisfactory record of meeting community credit needs." The bank faces a high level of competition from other financial institutions within the assessment area. Net loans represent 22% of total assets. The primary business focus is agriculture related, with 48% of the lending portfolio centered in agriculture loans, 13% in commercial, 19% in one-to-four family, and 20% in all other types.

DESCRIPTION OF TERRY COUNTY

The assessment area has been designated as Terry County, which is not in a Metropolitan Statistical Area (MSA). The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. No tracts have been designated as low income geographies in Terry County. There is one moderate income tract, two middle, and one upper income tract. The population of Terry county, according to the 1990 census data, is 13,218. The city of Brownfield has a total population of 9,560. The 1990 United States census median family income for non-MSA counties in Texas is \$27,291.

Major employers in the area are Brownfield Independent School District, Brownfield Regional Medical Center, Jim Rudd Substance Abuse Facility, Wal-Mart Discount Store and United Supermarket. Unemployment levels are seasonal and highly dependent on the local agriculture economy.

Credit needs in the assessment area are centered in small farm operating loans and small dollar general consumer and commercial loans. There are four financial institutions in the bank's assessment area plus the Production Credit Association. Three commercial banks, including this bank, are located in the city of Brownfield. FNB is the only unit bank in the city. The other two commercial banks are branches of banks located in cities close to Brownfield.

One community contact was made during this examination. It was with Brownfield Chamber of Commerce. Information obtained during this meeting did not identify any unmet credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

The First National Bank has a reasonable loan-to-deposit ratio. It has averaged 27% since the last CRA assessment. Currently, the loan-to-deposit ratio is 25% compared to 31% for similarly situated institutions, which includes community banks engaged primarily in agricultural lending in the assessment area.

Lending in the Assessment Area

A substantial majority of lending is inside the assessment area. An analysis of the entire loan portfolio revealed that 95% of loans were made to customers residing in the assessment area.

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

An analysis of the loan portfolio reflects a reasonable distribution of loans to borrowers of all income levels, including those with low- or moderate-income levels.

All of the agriculture loans originated by the bank are to small farms with gross annual revenues of less than one million. The small farm loans cover a wide range of loan amounts and a wide range of gross annual revenues.

Geographic Distribution of Loans

A geographic distribution analysis of lending patterns throughout the assessment area was not performed. The assessment area encompasses a large geographical area which includes a very diverse population representing all income categories. Therefore, a geographical lending analysis would not be meaningful. The bank is continuing the mapping of loans and denials made in the assessment area. The mapping is very extensive and is done on a monthly basis.

Response to Complaints

No consumer complaints have been received since the last examination. No violations of the substantive provisions of anti-discrimination laws and regulations were identified.