



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 23, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Mineola
Charter Number: 5127**

**P. O. Box 120
Mineola, Texas 75773**

**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 **First National Bank of Mineola** prepared by **Office of the Comptroller of the Currency** the institution's supervisory agency, as of February 23, 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.

First National Bank of Mineola has a satisfactory record of meeting community credit needs. This assessment is based upon the following factors:

- ▶ The bank's average loan-to-deposit ratio of 27.13% is comparable to other bank's within its assessment area.
- ▶ A substantial majority of the bank's loans are extended to customers within its assessment area.
- ▶ The distribution of credit to borrowers of different income levels and businesses of different sizes is reasonable.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK OF MINEOLA 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	Analysis would not be meaningful.		
Response to Complaints	No written complaints have been received since our prior CRA Examination.		

DESCRIPTION OF INSTITUTION:

First National Bank of Mineola is a \$37 million financial institution located on State Highway 69, just north of State Highway 80, in Mineola, Texas. The bank is fully owned by First Mineola Corporation, a one bank holding company. The bank does not have any branches or operate any Automatic Teller Machines.

The institution is retail oriented and offers a range of retail and commercial deposit and loan products. As of December 31, 1997, loans totaled \$9 million and were distributed as follows: 47% were 1 - 4 family residential mortgages; 35% were consumer related; and 15% were commercial and commercial real estate. There are no legal or other impediments which limit the bank's ability to help meet the credit needs of the community. The bank was rated satisfactory during the previous CRA Examination conducted as of October 18, 1995.

DESCRIPTION OF THE SOUTHWEST PORTION OF WOOD COUNTY:

The Board has designated the southwest portion of Wood County as the bank's assessment area. This area includes the Block Numbering Areas (BNA) of 9508, 9507 and 9504 and is not part of a metropolitan statistical area. The population of this area totals 10,611 according to the 1990 Census Bureau data. Approximately 19% of the families are low income, 20% are moderate income, 18% are middle income, and 43% are upper income. All of the BNA's are designated as middle income areas. The 1997 Department of Housing and Urban Development (HUD) median family income for this area is \$31,500. Local employment opportunities are centered in the service industry and retail trade industry. Major employers include American Recreation Products, Trinidad/Brenham and Company, and Mineola Packing.

Mineola and the surrounding area are quickly becoming a retirement community. A significant number of retirees from the Dallas Metroplex are relocating to the Mineola area. The low cost of living and recreational opportunities at nearby Lake Fork are major attractions for retirees desiring to leave the large metroplex area.

Local competition among financial institutions has greatly increased in recent years. Competition includes a local savings bank and bank branches of four other banking institutions. In addition, there are three local finance companies and an Edward D. Jones brokerage office which also provide competition for financial services.

As part of our evaluation, we contacted a member of a local business group. This member stated in his/her opinion, the primary community credit needs were residential mortgage loans and consumer loans. This member indicated the local financial institutions are supportive of the community and each offered products which meet the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN TO DEPOSIT RATIO:

First National Bank has a reasonable loan-to-deposit ratio given the bank's size, financial condition, and assessment area credit needs and is comparable to the ratios of other area banks. The quarterly loan-to-deposit ratio has averaged 27.13% since the prior CRA Examination dated October 18, 1995, and ranged from a low of 24.68% to a high of 29.04%. As of December 31, 1997, First National Bank's loan-to-deposit ratio equaled 28.79%. The loan-to-deposit ratios for the individual banks and bank branches included in our comparison ranged from 19.35% to 54.97% as of the same date. Of the six institutions in our review, First National Bank falls within this range with a ratio higher than two of the banks and just slightly less than one bank. Two of the banks significantly exceeded the other four banks with ratios of 45% and 55%. A quarterly average loan-to-deposit ratio for these banks was not calculated as the information for the individual offices was not available for each quarter in the assessment period.

LENDING IN ASSESSMENT AREA:

A substantial majority of the bank's loans are extended within the bank's designated assessment area. We reviewed a sample of 19 residential mortgages, 25 consumer loans, and 14 commercial loans originated since July 1996. Approximately 85% of the number of loans and 83% of the dollar amount of loans in our sample were originated within the assessment area. The following table reflects the distribution of loans by loan type.

Analysis of Lending Inside and Outside Assessment Area								
	Inside				Outside			
Loan Type	#	%	\$ (000)	%	#	%	\$ (000)	%
Mortgage	17	89%	883	93%	2	11%	65	7%
Consumer	23	92%	175	95%	2	8%	10	5%
Commercial	9	64%	272	57%	5	36%	208	43%
Totals	49	84%	1,329	83%	9	16%	282	17%

LENDING TO BORROWERS OF DIFFERENT INCOME AND TO BUSINESSES OF DIFFERENT SIZES:

The distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes. The distribution of loans approximates the income characteristics of the assessment area. In addition, the distribution of business loans also reflects a reasonable penetration among businesses of different sizes. Based on our review, 89% of the business loans we sampled which were originated within the bank's assessment area were to small businesses with gross annual revenues of less than one million dollars. The following table details the results of our analysis.

Lending to Borrowers of Different Income Levels										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total	
Area Demographic Characteristics	19%		20%		18%		43%		100%	
Loan Types:	#	%	#	%	#	%	#	%	#	%
Mortgage	1	6%	1	6%	8	47%	7	41%	17	100%
Consumer	5	22%	5	22%	2	8%	11	48%	23	100%
Lending to Businesses of Different Revenue Ranges										

Revenue Ranges	Less than \$100,000		\$100,000-\$500,000		\$500,000--\$1,000,000		Over \$1,000,000			
Commercial	5	56%	1	11%	2	22%	1	11%	9	100%

GEOGRAPHIC DISTRIBUTION OF LOANS:

A geographic analysis of lending activity within the bank’s assessment area was not performed as it would not provide meaningful information. All of the BNA’s within the assessment area are considered middle income with no low- or moderate-income geographies located within the assessment area.

RESPONSE TO COMPLAINTS:

Management has not received any written complaints related to CRA performance since the prior CRA Examination. A Fair Lending Examination was performed in conjunction with this examination. Based on the samples reviewed, no discriminatory practices were noted. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.