

Southwestern District
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3394

PUBLIC DISCLOSURE

June 14, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Byers
Charter Number: 8787
Main and Central
Byers, Texas 76375**

**Office of the Comptroller of the Currency
Dallas North Field Office
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 Byers** prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 14, 1999. 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 following factors support this overall rating:

- ! First National Bank of Byers meets the standards for satisfactory performance taking into consideration its size, financial condition, and assessment area credit needs.
- ! The average loan-to-deposit ratio is reasonable considering the competition in the area.
- ! The majority of business, consumer, and home loans sampled during this examination were originated to persons residing within the assessment area.
- ! Lending performance reflects a reasonable distribution of credit to businesses of different sizes, and borrowers of different income levels.
- ! Geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- ! There is no evidence of discrimination.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK OF BYERS 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	First National Bank of Byers did not receive any complaints concerning its CRA performance.		

Scope of the Examination

This evaluation is an analysis of First National Bank of Byers' (FNB) CRA performance during the period of June 24, 1996, through June 14, 1999. The evaluation includes an analysis of FNB's lending in its assessment area, which includes all block numbering areas (BNA's) in Clay County, and 34 census tracts that are considered the city limits of Wichita Falls.

Description of Institution

FNB is a \$43 million full service institution, with its main office in Byers, Texas, located in Clay County. FNB is 100% owned by Byers Bancshares, Incorporated, a one-bank holding company. FNB serves all cities and communities located in Clay County and the City of Wichita Falls, Texas, located in Wichita County. FNB was rated "Satisfactory" in the previous CRA public disclosure dated June 24, 1996.

FNB's main office is located at the northwest corner of Main Street and Central Avenue in Byers, Texas in BNA 303.01, a middle income BNA. The branch office is located at 900 Midwestern Parkway, Wichita Falls, Texas, in census tract number 116, a moderate income census tract.

FNB offers credit products that are consistent with its size and the needs of the assessment area. Agricultural, commercial, and consumer purpose are their primary loan products.

Hours of operation:

	Main Office (Byers)	Wichita Falls Branch
Monday - Thursday	9:00am - 3:00pm	9:00am - 3:00pm
Drive-up Window	9:00am - 3:00pm	9:00am - 6:00pm
Friday	9:00am - 6:00pm	9:00am - 6:00pm
Saturday	None	None
ATM	No	Yes

FNB has no competitors in Byers. However, there are numerous competitors in Wichita Falls. FNB does not have any financial or legal obstacles affecting its ability to meet the credit needs of the assessment area. The following table displays FNB's loan mix as of March 31, 1999.

LOANS OUTSTANDING MARCH 31, 1999 <i>(\$000's)</i>		
<i>TYPE OF LOAN</i>	<i>AMOUNT</i>	<i>% of TOTAL LOANS</i>
Installment	\$5,342	20%
1-4 Family Residential Loans	\$887	11%
Secured by Real Estate	\$6,995	19%
Finance Agricultural Production	\$6,912	26%
Commercial Loans	\$3,611	14%
Other	\$2,550	10%
TOTAL	\$26,297	100%

Description of Assessment Area

FNB's assessment area of Clay County and the City of Wichita Falls does not arbitrarily exclude low- or moderate-income areas. The assessment area consists of four BNA's in Clay County and 34 census tracts in the City of Wichita Falls, for a total of 38 areas.

Within FNB's assessment area, the 1990 United States Census Bureau characterizes five census tracts as low income, nine as moderate income, fifteen census tracts and BNA's as middle income, and nine census tracts and BNA's as upper income areas. As of the 1990 census, approximately 110,461 persons reside in the assessment area. The substantial majority (91%) reside in the City of Wichita Falls.

Based upon 1998 Housing and Urban Development information, median family income for the combined assessment area is \$30,077, and the median housing value is \$51,283. Large employers in the assessment area include: Midwestern State University; Wichita Independent School District; Stanley, PPG; and Shepard Air Force Base.

Conclusions with Respect to Performance Criteria:

We reviewed agricultural loans, commercial loans, consumer purpose loans, and home mortgages originated since the previous examination. Based upon information obtained from our sample, First National Bank of Byers meets the standards for satisfactory performance in accordance with the Community Reinvestment Act.

Loan-to-Deposit Ratio

FNB’s average loan to deposit ratio meets the standards for satisfactory performance, given the size, financial condition, and credit needs of the assessment area. Their average loan-to-deposit ratio for the past 14 quarters is 70.1%. This compares favorably to the local peer group, which consists of state and national banks chartered in Clay, Wichita, and Archer counties. The peer group’s quarterly average loan-to-deposit ratio for the same period was 60.8%, which is slightly lower than FNB.

FNB is meeting the needs of the assessment area through origination of commercial, agricultural, and consumer loans (automobile and unsecured). As of March 31, 1999, 60% of FNB’s loan portfolio consisted of these types of loans.

Lending in Assessment Area (AA)

FNB meets the standards for satisfactory performance in lending within its assessment area. We reviewed a sample of agricultural, commercial, consumer, and residential lending products. Various time frames between January 1997 and May 1999 were used for each loan category depending on the number of originations within that period.

ASSESSMENT AREA LENDING					
Loan Type	Total Sampled	# of Loans in AA	% of # Loans in AA	Amount (\$000s)	% of Amount
Home Loans	49	20	41%	437	31%
Commercial Loans	18	16	89%	537	87%
Farm Loans	18	15	83%	512	90%
Consumer Loans	171	150	88%	799	90%
Total	256	201	78%	2,285	65%

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

FNB meets the standards for satisfactory performance in lending to borrowers of different incomes and businesses of different sizes. FNB's primary lending focus is commercial, agricultural, and consumer purpose. Our analysis of this area revealed good performance in lending to businesses of different sizes and small farms. The substantial majority of loans sampled were to small businesses and small farms. Loans to consumers secured by residential real estate and for other consumer purposes also reveal positive results. Since the majority of loans outstanding (40%) were for commercial and agricultural purposes, more consideration was given to those loans in determining the rating for this area.

Lending to Businesses of Different Sizes

FNB meets the standards for satisfactory performance in lending to businesses of different sizes. Small business loans are defined as loans originated for commercial purposes to businesses with gross revenue of \$1 million or less. Based on our sample of 18 business loans, 78% were to small businesses.

From the sample of 18 farm-related loans, 6 loans (33%) were to small farms. We could not determine the status of 12 of the 18 farm loans because current financial information was not available.

Distribution of Loans to Borrowers of Different Incomes					
Census Tract Characteristics	Population Percentages By Census Tract	Home Mortgage		Consumer	
		# Loans	%	# Loans	%
Low	6%	1	5%	19	11%
Moderate	23%	3	15%	17	9%
Middle	45%	2	10%	15	9%
Upper	26%	14	70%	14	10%
No Income Provided	N/A	N/A	N/A	106	60%
TOTAL	100%	20	100%	171	100%

Lending to Borrowers of Different Incomes

The sample of home and consumer loans revealed a satisfactory distribution to borrowers of different income levels. As illustrated in the table above, there was a reasonable level of home and consumer loan originations to borrowers in the low and moderate income categories. Low income individuals make up 6% of the population in the assessment area, and received 5% of home and 11% of consumer loans originated. Moderate income individuals comprise 23% of the population and received 15% of home and 9% of consumer loans originated. Middle and upper income individuals make up the majority of the population and received the majority of home loans.

Approximately 60% of the consumer loans reviewed did not have income information. Therefore, these were not included in the analysis of loans to borrowers of different income levels.

Geographic Distribution of Loans

FNB meets the standards for satisfactory performance of geographic distribution of loans in the assessment area. Loans were reasonably distributed in most census tracts throughout the assessment area. Loans were originated in 71% of the BNA's and census tracts in the assessment area. Although there were loans in only 33% of the low income census tracts, 78% were originated in moderate income census tracts.

Compliance with Anti-discrimination Laws

We conducted a fair lending examination in conjunction with this CRA examination. No violations of anti-discrimination laws or regulations were identified. No practices intended to discourage or impede potential borrowers from applying for credit were noted.