



---

Comptroller of the Currency  
Administrator of National Banks

**SMALL BANK**

---

## **PUBLIC DISCLOSURE**

**February 9, 1999**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Stanton  
Charter Number 8094**

**119 North St. Peter  
Stanton, Texas 79782**

**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 bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.**

## 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 bank'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 bank. Upon conclusion of such examination, the agency must prepare a written evaluation of the bank'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 Stanton** prepared by the **Office of the Comptroller of the Currency**, the bank's supervisory agency, as of February 9, 1999. The agency rates the CRA performance of a bank consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

**BANK'S CRA RATING:** This bank is rated **Satisfactory**.

The lending performance of The First National Bank of Stanton is satisfactory. The following highlights the bank's performance:

- ! The loan-to-deposit ratio is reasonable, given the bank's size, financial condition, capacity to lend, and assessment area credit needs.
- ! A majority of loans and other lending related activities are in the bank's assessment area.
- ! The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes.
- ! A rating of the geographic distribution of loans would not be meaningful.
- ! The bank has received no complaints about its performance in meeting assessment area credit needs.

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

<b>SMALL BANK ASSESSMENT CRITERIA</b>	<b><u>The First National Bank of Stanton</u> PERFORMANCE LEVELS</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does not meet Standards for Satisfactory Performance</b>
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	An analysis of the geographic distribution of loans would not be meaningful.		
Response to Complaints	No complaints have been received since the last examination.		

## DESCRIPTION OF BANK

The First National Bank of Stanton (FNB) is a \$42 million bank, with one location in Stanton, Texas. Deposit products include certificates of deposit, demand deposit accounts, savings, NOW, and Money Market Deposit Accounts. Loan products include agricultural, small business, real estate, and consumer loans. A breakdown of the loan portfolio by purpose is shown in figure 1.

FNB's financial condition is favorable and no legal impediments interfere with its ability to make credit available in the assessment area. This evaluation covers the period from the prior performance evaluation, dated September 25, 1995. The bank received a satisfactory rating at the prior evaluation.

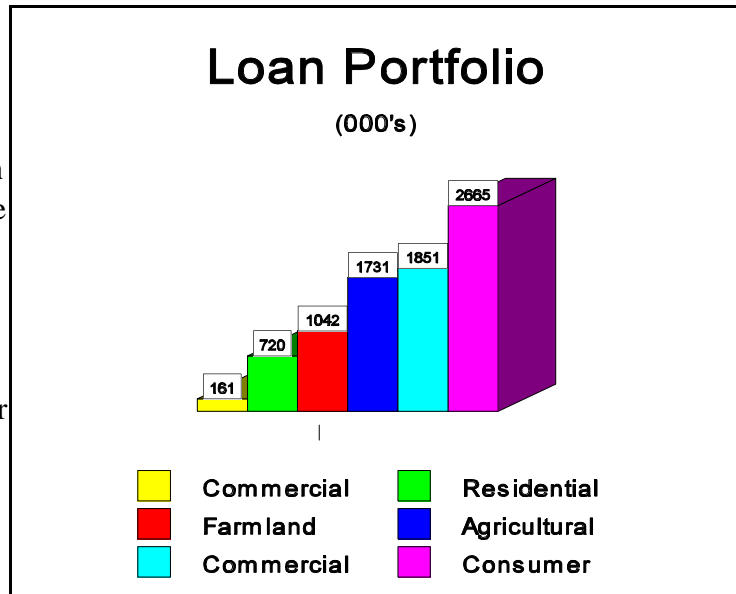
## DESCRIPTION OF ASSESSMENT AREA

The Board of Directors has designated Martin and Glasscock Counties as the FNB's assessment area. These counties are not located within a Metropolitan Statistical Area (MSA). The assessment area meets the requirement of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies. The 1990 census reflects a combined population of 6,403. The city of Stanton has a population of approximately 2,567.

The median family income according to the 1990 census for Texas is \$24,586. The 1998 HUD updated median family income for Martin and Glasscock Counties is \$32,100. The assessment area contains three census tracts; two middle-income and one upper-income tracts.

Table 1 shows the demographics of the assessment area by income level. The largest sector of the population is in upper income families. Low, moderate, and middle income families are evenly represented.

The economic base of the assessment area is agricultural. Major employers are Stanton Independent School District and Caprock Electric Company. The county unemployment levels are seasonal and highly dependent on the local agricultural economy.



**Figure 1**

Source: December 31, 1998 Report of Condition

Credit needs in the assessment area are centered in agricultural loans to small and medium sized operations. Competition is limited to one financial institution (branch of a state bank in Midland) in Stanton and a branch of a national bank in Garden City (Glasscock County).

One community contact, the city manager for the City of Stanton, was made during this examination. We also used information obtained from a community contact made in Glasscock County in January 1999. These contacts did not identify any unmet credit needs.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### **Loan-to-Deposit Ratio**

The loan-to-deposit ratio, at 26% as of February 9, 1999, is reasonable given the bank's size, financial condition, capacity to lend, and assessment area credit needs and the local economy. The ratio has averaged 24.2% since September 1995. The bank's deposits include eight customers who have large deposit accounts, and no credit needs. These deposits represent 11% of the total deposits. When these large deposits are excluded from deposits, the loan-to-deposit ratio increases to 29%.

The bank offers a variety of home mortgage, commercial, and consumer loans and there are a limited number of denied applications. This supports the information obtained from the community contacts that there are no unmet credit needs.

The 1990 census information notes that 12% of the population in the assessment area is over the age of 65. This age group generally has limited credit needs, further supporting limited loan demand in the bank's assessment area..

### **Lending in the Assessment Area**

A majority of loans funded are within the assessment area. Based on an analysis of the loan portfolio (segregated by zip codes) as of February 9, 1999, 71% percent of the number of loans and 64% of the dollar volume of loans were to borrowers residing or operating within the assessment area.

### **Loans to Borrowers of Different Incomes and Businesses of Different Sizes**

We conducted an analysis of the consumer loan portfolio to determine the loan distribution among the different income levels of the bank's borrower. The distribution of loans reflects, given the demographics of the assessment area, good penetration among individuals of different income levels (including low- and moderate-income). Table 1 shows the conclusion from the income analysis.

Census Tract	% of Population	Loans by Number	Loans by Dollar
Low Income	19.8%	54%	26%
Moderate Income	18.7%	20%	14%
Middle Income	15.9%	11%	20%
Upper Income	45.5%	15%	40%

**Table 1**

During our examination, we reviewed bank reports on many large commercial and agricultural lending relationships within the assessment area. All of these loans were to small businesses with annual revenues less than \$1 million and small farms with annual revenues less than less than \$500 thousand.

**Geographic Distribution of Loans**

We did not perform a geographical distribution analysis of lending patterns throughout the assessment area. The assessment area contains three census tracts; two middle-income and one upper-income tracts.

**Response to Complaints**

The bank has received no complaints about its performance in meeting assessment area credit needs.

**Record of Compliance with Antidiscrimination Laws**

We performed a fair lending review using procedures outlined within the OCC’s Fair Lending Booklet, dated October 1997. The fair lending review focused on loans secured by vehicles. A comparative file review based on the combined approach was conducted with specific emphasis upon the potential for discrimination based on gender. We compared loan terms and interest rates on this group of loans. We identified no violations of the substantive provisions of the antidiscrimination laws and regulations. In addition, the bank’s internal procedures for prevention and/or detection of possible discrimination were reviewed. These procedures include a second review of approved and denied loans. Internal procedures were found to be effective in preventing discrimination.