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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**November 3, 1997**

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

**Lamesa National Bank  
Charter Number 13111**

**602 South First  
Lamesa, Texas 79331**

**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 **Lamesa National Bank** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 31, 1997. 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 the Lamesa National Bank is satisfactory. The following highlights the bank's performance:

- The loan-to-deposit ratio is reasonable given the bank's resources, the local credit needs, and local competition.
- A majority of the bank's loans were originated to borrowers residing within the assessment area.
- The distribution of the loans to borrowers of different income levels reflects reasonable penetration.
- A rating of the geographic distributions of the bank's loans would not be meaningful.
- The bank has received no consumer complaints since the prior examination concerning its Community Reinvestment Act performance.

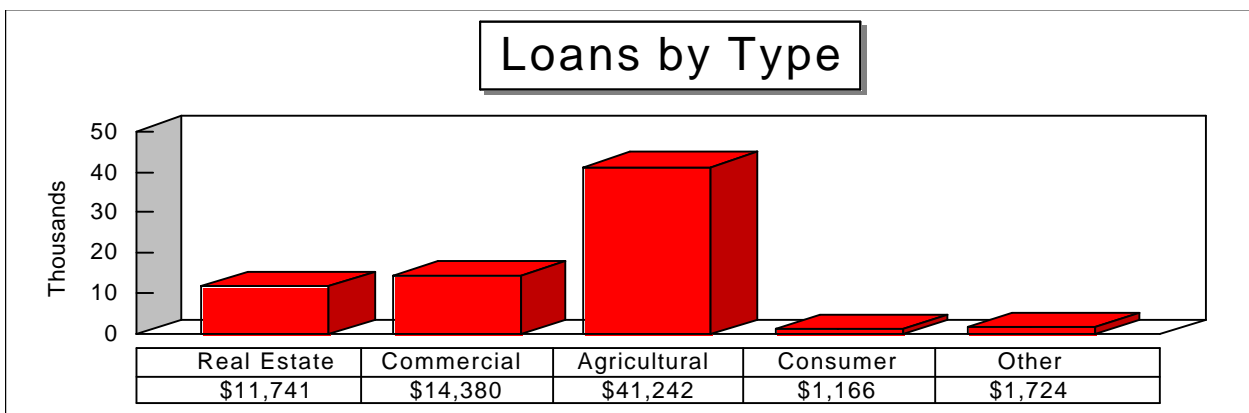
The following table indicates the performance level of Lamesa National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<b>Lamesa National Bank 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 INSTITUTION

The bank offers traditional loan and deposit products including a trust department. The bank has no branches but has an Automatic Teller Machine (ATM) located in the bank's outer lobby. The ATM is accessible twenty-four hours a day. The bank does not face any legal impediments or other factors which inhibit it from meeting the credit needs of the assessment area. The prior CRA performance evaluation as of March 31, 1995, rated the bank "Outstanding."

Gross loans represented 41% of average assets as of June 30, 1997. A breakdown of the bank's loan portfolio as of June 30, 1997, is depicted below:



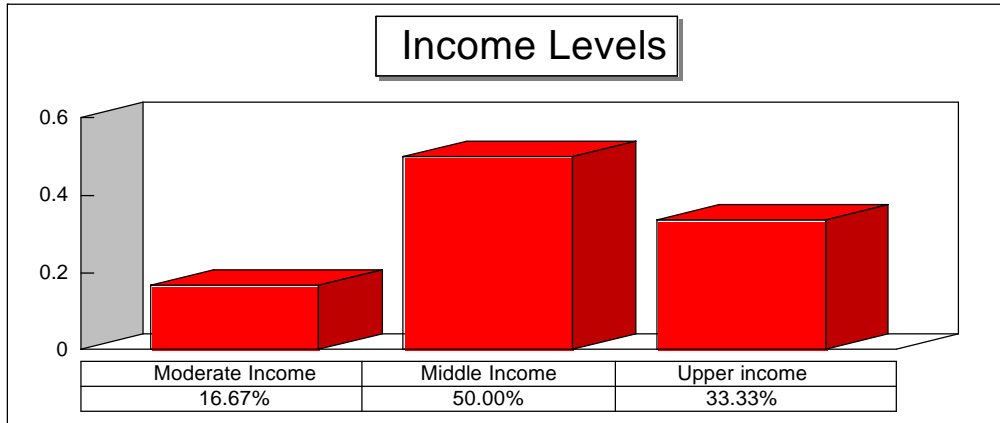
## DESCRIPTION OF Dawson County

The Board of Directors has designated Dawson County as the bank's assessment area. Dawson County is not located within a Metropolitan Statistical Area (MSA). The assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies. According to the 1990 census, Dawson County had a population of 14,349.

The county's primary city is Lamesa, the county seat. The economy is primarily agricultural based. The major crops are cotton and peanuts. Major employers in the assessment area are the Lamesa Independent School District, 362; Texas Department of Criminal Justice, 358; and Medical Arts Hospital, 195.

The statewide median family income for non-MSA areas is \$24,586. The median family income for Dawson County is \$26,496. Dawson County has six Block Numbering

Areas (BNA). There are no low-income BNAs. The income levels of the remainder of the BNAs are depicted below:



Credit needs in

the assessment area are centered in small farm operating loans and small dollar consumer loans. There are four other financial institutions in the assessment area resulting in a highly competitive environment. Three commercial banks, including this bank, are located in the assessment area. This bank and one other bank are locally-owned unit banks. The third institution is a branch of a bank located in a nearby community. The remaining institutions are a Federal Land Bank and a Federal Credit Union. The area's unemployment rate is 6.96%.

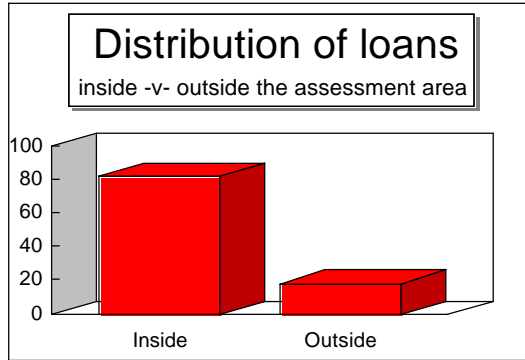
A community contact was made during July 1997. Information obtained from this contact did not identify any unmet credit needs.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

**Loan-to-Deposit Ratio**

The loan-to-deposit ratio (L/D) is reasonable given the bank's resources, local credit needs, and local competition. The ratio has averaged 47% since September 30, 1995. During this period, the bank's L/D ratio has ranged from a low of 40% on March 31, 1997, to a high of 57% on September 30, 1995. The L/D ratio for similarly situated institutions located within the assessment area has averaged 49%.

**Lending in the Assessment Area.**



A majority of the bank’s loans were originated within the assessment area. As of September 23, 1997, the bank had originated 82% of its loans to borrowers residing within the assessment area.

**Loans to Borrowers of Different Income and Businesses of Different Sizes**

The distribution of lending to individuals and businesses of different income levels is reasonable. The bank does not perform a borrower income analysis. However, our review of randomly selected credits indicated that the bank extends credit to individuals with a range of income levels. The bank regularly extends loans to individuals with origination balances of less than \$1 thousand. As of September 23, 1997, the loan portfolio contained 284 or \$174 thousand in loans with origination balances less than \$1,000. Historically, the majority of these loans are extended to low- or moderate-income borrowers.

A substantial majority of agricultural and small business loans reviewed were extended to borrowers with gross annual revenues of less than \$1 million. Below is a table illustrating the bank’s portfolio of agricultural loans.

<b>AGRICULTURAL LOANS AS OF SEPTEMBER 30,1997</b>		
<b>RANGE</b>	<b>NUMBER OF LOANS</b>	<b>AMOUNT</b>
\$0-\$50,000	526	\$8,039
\$50,001-\$100,000	110	\$7,601
\$100,001-\$500,000	141	\$26,691
\$500,001-\$1,000,000	9	\$5,597
\$1,000,001 AND ABOVE	1	\$1,040
<b>TOTAL</b>	<b>787</b>	<b>\$48,968</b>

**Geographic Distribution of Loans**

A geographical 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.

### **Response to Complaints**

No consumer complaints have been received since the last examination. No violations of the substantive provisions of antidiscrimination laws and regulations were identified during this examination. The bank has adequate policies and procedures in place to assist in preventing illegal discrimination.