



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 25, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Throckmorton
Charter Number 6001**

**210 N. Minter Avenue
Throckmorton, Texas 76483**

**Comptroller of the Currency
1600 Lincoln Plaza
500 North Akard Street
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 Throckmorton (FNB)** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of September 25, 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.

First National Bank of Throckmorton's responsiveness to community credit needs is reasonable. This is demonstrated by the types of loan products offered and a loan to deposit ratio that is comparable to that of the other financial institution in Throckmorton County. A substantial majority of the loans extended are within the bank's identified assessment area. The lending pattern reflects excellent penetration among individuals of different income levels and businesses of different sizes.

The following table indicates the performance level of First National Bank of Throckmorton (FNB) with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK OF THROCKMORTON</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	Distribution not performed as it would not be meaningful.		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Throckmorton (FNB) is in the city of Throckmorton, and is the county seat of Throckmorton County. It has one main office with a drive-up teller facility. As of June 30, 1997, the bank had total assets of \$23 million with \$5.8 million in net loans. The primary business focus of the bank is agricultural and retail loans.

FNB is 100% owned by Throckmorton Bancshares, Inc., a multi-level holding company, which is primarily locally owned and managed. The bank is affiliated through common ownership with First National Bank of Olney, Farmers National Bank of Seymour, First Coleman National Bank, Graham National Bank, and Citizen's National Bank of Breckenridge. There are no financial or legal impediments to the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF THROCKMORTON COUNTY

The bank's assessment area is Throckmorton County. The county has a population of 1,885 with the majority of the population located in the town of Throckmorton. Based on 1990 census data, the median family income is \$31,500 for counties not located in a Metropolitan Statistical Area (MSA). The county is divided into two block numbering areas (BNA) and both are considered middle-income. There are no low- or moderate-income areas.

The local economy is stable. The area is primarily rural with large areas of ranch and farm land. The county and school districts are the major employers. There are no manufacturing plants in the area. The economy is highly dependent on agriculture and oil and gas production. Primary credit needs are for consumer and agricultural loans. Community contact with a local business and civic leader indicated the bank is responsive to the credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

FNB's lending performance is satisfactory. The bank has extended a substantial majority of its consumer, real estate, small business, and agricultural loans inside its assessment area. Efforts to reach individuals of all income levels as well as businesses of different sizes is excellent. Our review of fair lending regulations revealed no evidence of discriminatory practices, and no violations of the substantive provisions of antidiscrimination laws.

Loan to Deposit Ratio

Within the bank's assessment area, competition primarily consists of two branches of a financial institution from a neighboring county. As of June 30, 1997, the bank's loan to deposit ratio was 28.04%. Two factors impact the ratio and dilute the results somewhat. Loans do not include \$456 thousand that were originated by the bank as of June 30, 1997, but were sold to another bank to keep FNB within its legal lending limit. In addition, the bank holds all public funds for the city, county, and school district in Throckmorton County. As of June 30, 1997, over \$2 million in deposit accounts for these governmental entities were held by FNB. When adjustments for these factors are made, FNB's loan to deposit ratio at 33.55% is comparable to its competitor's ratio of 31.07%.

Assessment Area Concentration

FNB uses the county's four precincts to track the number of real estate, farm commercial, and personal loans originated in and out of its assessment area. Results of this analysis are presented quarterly to the Board for review. The report's accuracy was verified through a limited sample and the results in **Table 1** below indicate a substantial majority of loan volume is originated to borrowers in Throckmorton County.

Table 1

Distribution of Loans: In & Out of FNB's Assessment Area (April 1, 1997 to June 30, 1997)		
	Number of Loans	Percent of Loans
Inside Assessment Area	100	90%
Outside Assessment Area	11	10%
Totals	111	100%

Based on information provided by FNB Throckmorton.

The information in **Table 2** details the results of our sample of 76 consumer, 1-4 family real estate, home improvement and agricultural loans originated between September 1, 1996, and August 31, 1997.

Table 2

OCC Sample of Loan Distribution by FNB in Throckmorton County: Based on Number of Loans and Dollar Amount of Loans (September 1, 1996 to August 31, 1997)				
	# of Loans	% of #	\$ of Loans	% of \$
Inside Assessment Area	69	90.8%	417,017	96.04%
Outside Assessment Area	7	9.2%	15,468	3.6%
Totals	76	100.0%	432,485	100.0%

Geographic Distribution of Loans

FNB's loan distribution reflects an excellent penetration among borrowers of different income levels. While the bank obtains income information on its loan customers, there is no internal analysis to determine the level of penetration into different income levels. **Table 3** indicates the results of our sample of 76 active residential real estate, consumer and agricultural loans originated between September 1, 1996, and August 30, 1997.

Table 3

Distribution of Loans By Income Level - Volume and Dollar Compared to 1990 Census Income Distribution					
Income Levels Based On Calculation*	Number of Loans	Percent of Number	\$ Amount of Loans	Percent of Dollar	1990 Census: % Families in Each Income Type
LOW: 0 < 50%	30	39.5%	69,602	16.1%	23.7%
MODERATE: 50% < 80%	12	15.8%	116,708	27.0%	20.3%
MIDDLE: 80% < 120%	19	25.0%	137,936	31.9%	19.7%
UPPER: > 120%	15	19.7%	108,239	25.0%	36.3%
Totals	76	100.0%	432,485	100.0%	100.0%
*1990 Census - Updated Non-MSA Median Family Income level for Texas: \$31,500					

In addition, from our sample of nine small business and small farm loans, 7, or 78%, had revenues of less than \$1 million while only 2, or 22%, had revenues of greater than \$1 million.

FNB also makes an effort to meet the needs of the low and moderate income borrowers by making low-dollar loans. Typically these loans are made to low- and moderate-income individuals. From January 1, 1996, to September 10, 1997, the bank originated over 147 loans less than one thousand dollars. Over 70, or 48%, were for amounts less than \$ 500. The bank loans as little as \$100 to provide assistance to its low- and moderate-income customers. Small dollar loan purposes include: medicine, eye glasses, school clothes, and auto repairs.

A geographic distribution analysis was not performed during this examination as it would not be meaningful. There are no distinguishable low- or moderate-income BNA's in the assessment area. Therefore, plotting loans in a geographical analysis would not be representative of the specific income of the individuals in specific geographies. Although an analysis was not performed, it did not appear that any areas of the community had been arbitrarily excluded.

Response to Substantiated Complaints

FNB of Throckmorton has received no complaints concerning its performance in meeting assessment area credit needs.