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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**February 3, 1997**

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

**First National Bank in Lockney  
Charter Number 14604**

**201 North Main  
Lockney, Texas 79241**

**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 **First National Bank in Lockney** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 3, 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 in Lockney has a reasonable loan-to-deposit ratio and a substantial majority of lending is within the bank's assessment area. Lending patterns reflect a reasonable penetration among individuals of different income levels and to small farms.

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

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b><u>First National Bank in Lockney</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>
<b>Loan-to-Deposit Ratio</b>		X	
<b>Lending in Assessment Area</b>	X		
<b>Lending to Borrowers of Different Incomes and to Businesses of Different Sizes</b>		X	
<b>Geographic Distribution of Loans</b>	Not meaningful		
<b>Response to Complaints</b>	No Complaints were received since the prior examination.		

## **DESCRIPTION OF INSTITUTION**

First National Bank in Lockney (FNB) has its main office located in the city of Lockney, and three branches which are located in Olton, Floydada and Paducah. Total assets are \$70 million. There are no legal impediments or other factors which inhibit this bank from meeting the credit needs of its assessment area. The last CRA examination was performed as of October 31, 1994, and resulted in an "Outstanding record of meeting community credit needs." The bank faces limited competition from other financial institutions within the assessment area. Net loans represent 26.25% of total assets. The primary business focus is agriculture related, with 66% of the lending portfolio centered in agriculture loans; commercial 7%; one to four family 8%; and all other 19%.

## **DESCRIPTION OF ASSESSMENT AREA: FLOYD COUNTY, LAMB COUNTY, COTTLE COUNTY, HALE COUNTY, AND MOTLEY COUNTY**

The assessment area has been designated as Floyd, Lamb, Cottle, Hale and Motley counties, which are all non-MSA counties. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate income geographies.

### **FLOYD COUNTY:**

No tracts have been designated as low- or moderate income geographies in Floyd County. There are two middle and two upper income tracts. The population of Floyd County, according to the 1990 census data, is 8,497. The 1990 United States census median family income for Floyd County is \$25,640.

Major employers in the area are Hi-Plains Farms, Floydada Independent School District, the Coop-Gin, and Floyd County. Unemployment levels are seasonal and highly dependent on the local agriculture economy. Lower than normal farm production this year has resulted in higher than average unemployment levels.

Credit needs in the assessment area are centered in small farm operating loans and small dollar general consumer and commercial loans. There are four financial institutions in addition to the Production Credit Association and the Farmers Home Administration located in Floyd County. Three commercial banks, including this branch, are located in the city of Floydada. The bank's main office is located in Lockney and one other branch of a commercial bank is located in a nearby community.

One community contact had been made during a previous examination in Floydada. It was with the Floydada Chamber of Commerce. Information obtained during that meeting did not identify any unmet credit needs.

One community contact was made during this examination. It was with the Lockney Chamber of Commerce. Information obtained during this meeting did not identify any unmet credit needs.

#### **DESCRIPTION OF LAMB COUNTY:**

The assessment area also includes Lamb County which is a non-MSA county. No tracts have been designated as low income geographies in Lamb County. One tract has been designated as a moderate income geography. There are four middle and one upper income tracts. The population of Lamb County, according to the 1990 census data, is 15,072. The 1990 United States census median family income for Lamb County is \$19,000.

Credit needs in Lamb County are centered in small farm operating loans and small dollar general consumer and commercial loans. This branch and one other State bank are the only financial institutions in Olton.

#### **DESCRIPTION OF COTTLE COUNTY:**

The assessment area also includes Cottle County which is a non-MSA county. No tracts have been designated as low, moderate, or upper income geographies. One tract has been designated as middle income geography. The population, according to the 1990 census data, is 2,247. The 1990 United States census median family income for Cottle County is \$15,583.

Credit needs in Cottle county are centered in small farm operating loans and small dollar general consumer loans. This branch and one other National bank are the only financial institutions located in Paducah.

#### **DESCRIPTION OF HALE COUNTY AND MOTLEY COUNTY:**

The assessment area also includes Hale and Motley counties, which are non-MSA counties. The bank does not have a branch located in either county; however, these counties are contiguous to the counties in which the bank has branch locations. The bank does not have a large dollar volume of loans in these counties, but does make a number of farm operating and consumer loans to individuals located within these counties.

No tracts in Hale County have been designated as low income geographies. Two tracts have been designated as moderate income geographies, six tracts as middle income geographies, and one upper income geography. The population of Hale County, according to the 1990 census data, is 34,671. The 1990 United States census median family income for Hale County is \$21,183.

The population of Motley County, according to the 1990 census data, is 1,532. The 1990 United States census median family income for Motley County is \$16,780.

Credit needs in Hale and Motley counties are centered in small farm operating loans and small dollar consumer loans.

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

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

First National Bank has a reasonable loan-to-deposit ratio. It has averaged 36% since the last CRA assessment. Currently, the loan-to-deposit ratio is 28% compared to 28% for similarly situated institutions, which includes community banks engaged primarily in agricultural lending in the assessment area.

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

A substantial majority of lending is inside the assessment area. An analysis of the entire loan portfolio revealed that 95% of loans were made to customers residing in the assessment area.

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

An analysis of the loan portfolio reflects a reasonable distribution of loans to borrowers of all income levels, including those with low- or- moderate-income levels. Consumer loans reflect the following income level distribution: low 35%; moderate 40%; middle 14%; and upper 11%.

All of the agriculture loans originated by the bank are to small farms with gross annual revenues of less than one million dollars. The small farm loans cover a wide range of loan amounts and a wide range of gross annual revenues.

### **Geographic Distribution of Loans**

A geographic 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 anti-discrimination laws and regulations were identified.