

**SMALL BANK**

**PUBLIC DISCLOSURE**

**February 1, 1999**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**First National Bank of Albany/Breckenridge  
Charter Number 3248**

**200 Main  
Albany, Texas 76430**

**Office of the Comptroller of the Currency  
Southwestern District  
1600 Lincoln Plaza, 500 N. 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 the **First National Bank of Albany/Breckenridge, Albany, Texas**, prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, **as of February 1, 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 lending performance of The First National Bank of Albany/Breckenridge (FNB Albany/Breckenridge) reflects satisfactory responsiveness to its community's credit needs. The loan-to-deposit ratio is reasonable and comparable to other institutions in the area. The majority of the loans are within the bank's assessment area and penetrate the different income sectors.

The following table indicates the performance level of **The First National Bank of Albany/Breckenridge** with respect to each of the five performance criteria.

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b>FNB ALBANY/BRECKENRIDGE 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	Distribution not performed as it would not be meaningful		
Response to Complaints	No complaints were received since the prior examination		

## **DESCRIPTION OF INSTITUTION**

FNB Albany/Breckenridge is owned by Albany Bancshares, a one bank holding company. Shareholders of the holding company are local individuals. The main bank is located in Albany, Texas with branches in Breckenridge, Gordon, and Strawn, Texas. Total assets of the bank, as of December 31, 1998, were \$170 million.

The bank offers a variety of credit products including consumer, real estate and commercial credits. Primary components of the loan portfolio is as follows: Commercial real estate and business loans 36%, residential real estate 28%, and, other consumer loans 21%.

FNB Albany/Breckenridge's financial condition does not inhibit its ability to meet credit needs in its assessment area. Additionally, the bank has no legal impediments that would inhibit its ability to meet community credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank's assessment area includes Shackelford County, Stephens County and two Block Numbering Areas (BNAs) in southern Palo Pinto County. The bank's assessment area has a population of 16,426 according to 1990 census data and a median family income of \$24,586. There are no low or moderate income BNAs within the bank's assessment area.

The local economy is stagnant and can be characterized as recessionary. Employment is tied to the oil & gas industry and ranching. Currently, the oil & gas market has experienced historically low record prices. In addition, the local/regional ranching industry is facing a similar dire situation. Management's efforts to diversify the bank's assessment area has resulted with an increase in manufacturing plants and light industrial facilities. Major employers in the area include Crest Ridge Homes, A.E. Dye, Jones Company, E.B.A.A. Iron, Stephens Memorial Hospital, Breckenridge ISD, Albany ISD, a state prison, and local government entities. And as of late, a new internet computer company that will most likely locate in Albany.

Primary credit needs are housing loans, small business loans, general consumer loans, agricultural loans, and oil & gas loans. Community contacts with local business and civic leaders indicate the bank is responsive to the credit needs in the community.

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

FNB Albany/Breckenridge's lending performance is satisfactory. The bank makes consumer, real estate, small business, and agricultural loans throughout the assessment area to individuals with differing income levels. A review of the fair lending regulations revealed no evidence of discriminatory practices, and no violations of the substantive provisions of antidiscrimination laws.

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

FNB Albany/Breckenridge's loan to deposit ratio is reasonable when compared to the ratios of its competitors. As of December 31, 1998, FNB Albany/Breckenridge's loan to deposit ratio was 56% with total loans outstanding of \$80 million. The ratios for seven other banks or branches in the assessment area ranged from 45% to 68%.

### **Assessment Area Concentration**

A substantial majority of the loans are made within the bank's assessment area. Of the 5,816 loans made by FNB Albany/Breckenridge in 1998, 84% were within the bank's delineated area. The percentage of loans made in the assessment area are slightly greater in the low to moderate income borrower category, as shown in the table below:

<b>LOANS WITHIN THE BANK'S ASSESSMENT AREA</b>				
<b>INCOME LEVELS</b> (Small Business & Farm are by definition gross revenues of less than a million dollars)	<b>Loans Made In the Assessment Area</b>		<b>Loans Made Out of the Assessment Area</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low Income Borrowers	657	87%	95	13%
Moderate Income Borrowers	926	88%	121	12%
Small Business Borrowers	930	89%	114	11%
Small Farm Borrowers	385	87%	58	13%

### **Income Distribution**

FNB Albany/Breckenridge's loan distribution reflects a reasonable penetration among

borrowers of different income levels. An income analysis was provided by the bank to determine income distribution within its loan portfolio. The analysis included all consumer loans made during 1998. The analysis indicated that approximately 36% of the loans made in 1998 were to low and moderate income individuals. The bank's agricultural and small business operators predominantly consist of businesses with gross revenues below \$500,000 and \$1 million, respectively.

FNB Albany/Breckenridge makes a concerted effort to meet the needs of the low and moderate income borrowers by the extension of low-dollar loans. Typically the lower dollar loans are made to low and moderate income individuals. The bank's internally generated analysis illustrates that in 1998, there were 1,720 loans originated or renewed at \$1,000 or less. This averages \$607 per loan.

### **Geographic Distribution of Loans**

A geographic distribution analysis was not performed during this examination as it would not be meaningful. There are no distinguishable low or moderate income BNAs in the assessment area. Plotting loans in a geographical analysis would not be representative of the specific income of the individuals in certain geographies.

### **Response to Complaints**

During this review period, FNB has not received any consumer complaints regarding its performance in meeting assessment area credit needs.