



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

March 01, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Anson
Charter Number 6091**

**1021 12th Street
Anson, TX 79501**

**Comptroller of the Currency
Fort Worth
9003 Airport Freeway Suite 275
North Richland Hills, TX 75201**

NOTE: This document is an evaluation of this 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. 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

First National Bank of Anson's lending performance reflects satisfactory responsiveness to its community's credit needs. This assessment is based on the following conclusions:

- The bank's average loan-to-deposit ratio of 75.60% is reasonable given the bank's size, financial condition, local competition, and assessment area credit needs.
- A majority of the bank's loan activity is within the bank's assessment area.
- The distribution of loans demonstrates reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank's geographic distribution of loans is good.
- There have been no CRA related complaints filed against the bank.

DESCRIPTION OF INSTITUTION

The First National Bank of Anson (FNB) is a community bank located in Anson, Texas, which is located approximately 30 miles northwest of Abilene, Texas. The bank operates from two locations. The main bank is located in downtown Anson. The branch is located in Hawley, Texas, which is approximately 15 miles southeast of the main banking facility. Both banking centers are located in Jones County, which is the bank's defined assessment area (AA). A sizeable portion of the loan portfolio is extended to agricultural related entities and associated individuals. One Automated Teller Machine (ATM) is located in Anson and one ATM is located at the branch facility in Hawley.

FNB is locally owned and managed. FNB is 100% owned by Anson Bancshares, Inc., a one-bank holding company. There have been no recent changes in the bank's corporate structure, and none are currently planned. Primary competition consists of other national banks, state banks, and credit unions located throughout Jones County. In addition, strong competition is posed by a number of financial institutions located in Abilene, Texas.

The most recent CRA examination was performed as of August 27, 2001. The bank received a "Satisfactory" rating at that examination. There are no legal or financial impediments to the bank's ability to meet the credit needs of its assessment area.

FNB is a full-service bank offering a wide variety of loan and deposit products. As of December 31, 2006, the bank had total assets of \$44 million, total loans of \$30 million, and total deposits of \$39 million. The bank's primary business is related to agricultural concerns. The following table presents the bank's loan information as of December 31, 2006.

Loan Portfolio Composition	\$ (000)	%
Commercial	\$5,167	17.4%
Agricultural Production/Other Agricultural	\$6,437	21.7%
Consumer Loans	\$4,131	13.9%
Commercial Real Estate	\$1,929	6.5%
Other Loans	\$1,784	6.0%
Farmland Real Estate	\$3,050	10.3%
Residential Real Estate	\$7,174	24.2%
Total	\$29,672	100.0%

DESCRIPTION OF ASSESSMENT AREA – JONES COUNTY

FNB has defined its AA as Jones County in Texas. The AA is legal and meets the requirements of the regulation. According to the 2000 Census, approximately 20,785 persons live in Jones County. The county is located in the Abilene, Texas Metropolitan Statistical Area. Anson is the county seat of Jones County. There are a total of six Census Tracts (CT's) in the AA. Two CT's are defined as moderate-income, three CT's are defined as middle-income, and there is one CT

for which income level is noted as not applicable (N/A). N/A CT's have population, but there is no reported income by the population to allow a designation of low- to upper-income with respect to the area's median income. Such tracts usually are occupied by institutions such as prisons, universities, and so forth. CT 201.02 is an N/A tract because it only contains the Abilene North Robertson Prison Unit. The following table presents demographic and economic information for Jones County.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF JONES COUNTY	
<i>Population</i>	
Number of Families	4,535
Number of Households	6,143
<i>Geographies</i>	
Number of CT's	5
% Low-Income CT's	0.00%
% Moderate-Income CT's	40.00%
% Middle-Income CT's	60.00%
% Upper-Income CT's	0.00%
<i>Median Family Income (MFI)</i>	
2000 MFI for Jones County	\$35,536
2006 HUD-Adjusted MFI	\$47,500
<i>Economic Indicators</i>	
Unemployment Rate	2.15%
2006 Median Housing Value	\$37,177
% of Households Below Poverty Level	18.00%

The primary credit needs of the community continue to be related to the agriculture industry and related credit needs including financing for home purchase or home improvement, automobile, and other consumer loans. The economy of the area continues to be dependent on the agriculture industry, which has been depressed for the past several years. The AA remains in one of the worst droughts on record. Unemployment levels in the area have remained steady. Major employers in the area continue to be primarily tied to agriculture and government offices.

We considered information from one community contact in the AA that was made in connection with the CRA examination of another bank in FNB's AA. According to this contact, the immediate credit needs of the community are being fulfilled. We identified no complaints against the bank regarding CRA performance.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

FNB's performance is satisfactory. Conclusions with respect to the following three performance criterion; Lending in Assessment Area, Lending to Borrowers of Different Incomes and to Businesses of Different Sizes, and Geographic Distribution of Loans, are based on a sampling of the institution's loan portfolio. Examiners reviewed commercial loans and residential real estate loans originated between January 2005 and December 2006. Our sample includes 20 commercial and 20 residential real estate loans.

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance. The bank's loan-to-deposit ratio averaged 76% over the 20 quarters since the last CRA examination in August 2001. During the evaluation period, the loan-to-deposit ratio ranged from a low of 67% as of March 31, 2006, to a high of 83% as of September 30, 2003. The bank's loan-to-deposit ratio at December 31, 2006, was 75%. The quarterly average loan-to-deposit ratio for similarly situated banks, over the same time period, is detailed below.

Institution	Location	Average Loan/Deposit Ratio
<i>FNB Anson</i>	<i>Anson, Texas</i>	<i>75.60%</i>
Hamlin National Bank	Hamlin, Texas	69.22%
Haskell National Bank	Haskell, Texas	43.28%

Lending in Assessment Area

The bank's lending within the AA meets the standards for satisfactory performance.

This criterion quantifies what proportion of the bank's lending activity is within its AA. An institution that exhausts its resources lending in other areas, to the exclusion and detriment of its own AA, would be considered less than satisfactory. However, FNB's lending efforts are concentrated within its AA.

At this time, FNB does not track loans by location. To assess the bank's performance in this area we were required to sample a portion of the loan portfolio. We used the sample noted above to assess the bank's performance for this criterion. Based on our sample results, a majority of loans are within the bank's assessment area. The following table reflects the results of our assessment of the bank's efforts to lend in its assessment area.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
1-4 Family Mortgage	17	85%	390	69.0%	3	15%	175	31.0%
Commercial Loans	18	90%	1,043	97.4%	2	10%	28	2.6%
Total Reviewed	35	87.5%	1,433	87.6%	5	12.5%	203	12.4%

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

The bank's loan distribution, to the different family and household income levels as well as businesses of different sizes, meets the standards for satisfactory performance.

The bank obtains and analyzes applicant income information during the loan decision process. However, this information is not monitored or used to assess the efforts to meet the standards for this criterion. To assess the bank's efforts, we used the sample of loans noted above. Our analysis, noted in the tables below, indicates the bank is reasonably lending to borrowers of all income levels and businesses of different sizes. Additionally, the bank has no minimum loan amount in policy. Overall, we concluded that the bank's performance is generally proportionate to the income levels of the households within the assessment area, and the credit needs of low- and moderate-income individuals are being met. Also, FNB meets the needs of the small businesses in the AA.

Consumer Lending

BORROWER DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	24%		21%		23%		32%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	10%	7%	30%	19%	30%	34%	25%	35%

Financial information was not available on 5% of the number and 5% of the dollar of our sample.

Business Lending

BORROWER DISTRIBUTION OF COMMERCIAL LOANS		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses *Forty-two percent of assessment area businesses did not report revenue figures	55%	3%
% of Bank Loans in AA #	70%	10%
% of Bank Loans in AA \$	61%	13%

Financial information was not available on 20% of the number and 26% of the dollar of our sample.

Geographic Distribution of Loans

The geographic distribution of loans is good. Although there are low- and moderate-income families in the AA, there are no low-income CT's and two moderate-income CT's. The bank's performance in the moderate-income CT's is good. Based on the sample of loans reviewed for this analysis, a significant amount of FNB's lending is centered in CT 202.00 (a moderate-income tract that includes the City of Anson), and also in CT 205.00 (a middle-income tract that includes the City of Hawley). The bank extends a smaller volume of loans throughout the rest of the AA. The following tables reflect the results of our assessment of the bank's geographic distribution of loans in its AA.

Consumer Lending

Geographic Distribution of Residential Real Estate Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Sample	0%	0%	40%	95%	60%	5%	0%	0%

Source: Loan sample; U.S. Census data

Business Lending

Geographic Distribution of Commercial Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Sample	0%	0%	43%	90%	57%	10%	0%	0%

Source: Loan sample; Dunn & Bradstreet data

Responses to Complaints

FNB has not received any complaints during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

An analysis of consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on our analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with this CRA evaluation. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.