



PUBLIC DISCLOSURE

MAY 11, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Snyder National Bank
Charter Number 14270**

**1715 25th Street
Snyder, Texas 79550**

**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 bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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 bank'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 bank. Upon conclusion of such examination, the agency must prepare a written evaluation of the bank's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Snyder National Bank** prepared by the **Office of the Comptroller of the Currency**, the bank's supervisory agency, as of May 21, 1998. The agency rates the CRA performance of an bank consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

BANK'S CRA RATING: This bank is rated Satisfactory.

The lending performance of Snyder National Bank is satisfactory. The following highlights the bank's performance:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- A majority of the bank's loans were originated to borrowers residing within the assessment area.
- There is a reasonable penetration of loans to borrowers of different income levels and businesses and farms of different sizes.
- 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 *Snyder National Bank* with respect to each of the five performance criteria.

SMALL BANK ASSESSMENT CRITERIA	SNYDER NATIONAL BANK 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	An analysis of the geographic distribution of loans would not be meaningful		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF BANK

As of March 31, 1998, Snyder National Bank (SNB) had total assets of \$105 million, with \$29 million in loans and \$92 million in deposits. The following chart indicates loans by type.

LOAN TYPE	AMOUNT	% OF TOTAL
Commercial	\$9,538	32.79%
Agricultural Production	\$5,504	18.92%
Individual	\$5,342	18.37%
Commercial Real Estate	\$4,006	13.77%
Residential Real Estate	\$2,485	8.54%
Farmland	\$2,098	7.21%
All Other	\$113	0.39%
TOTAL	\$29,086	100.00%

As indicated by the chart above, SNB's business focus is mainly small business, including agricultural lending, with only a small amount of residential real estate lending. The bank is involved in financing in conjunction with the Small Business Administration. There are no branches or automated teller machines at this time. The bank does not face any legal impediments which would inhibit its performance under the CRA; however, the bank's legal lending limit does, at times, limit its ability to make loans.

DESCRIPTION OF SCURRY COUNTY

The bank's Board of Directors has designated Scurry County as the assessment area. Scurry County is not located within a Metropolitan Statistical Area (MSA). The assessment area designation meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies. According to 1990 U.S. Census data, Scurry County has a population of 18,634 distributed among 6,394 households.

There are five block numbering areas (BNAs) in the county, of which four are middle-income and one (the city of Snyder) is upper-income. Approximately 65% of the population live in the middle-income BNAs, while 35% live in the upper-income BNA. Of this population, 13.72% of families are below the poverty level, while 17.30% of all families are considered to be low-income and 15.56% are considered to be moderate-income. These ratios are based on the statewide non-metropolitan median family income of \$24,586 per annum.

BNA Number	% Below Poverty	% Low Income	% Moderate Income	% Middle Income	% Upper Income
9501	25.55%	27.67%	20.29%	19.95%	32.09%
9502	9.85%	15.72%	15.34%	21.78%	47.16%
9503 ^a	6.39%	11.59%	8.69%	14.67%	65.05%
9504	15.97%	19.03%	19.88%	20.73%	40.36%
9505	5.41%	2.70%	19.69%	39.77%	38.22%
Aggregate	13.72%	17.30%	15.56%	19.55%	47.61%

* Source: PCI Services, Inc.

^a Upper income BNA. All others are middle income.

Houses in Scurry County have an average cost of \$37,058 and an average age of 39 years. Of the 7,702 housing units, 27% are rentals with an average monthly rental rate of \$318. Almost one-third of these rental units are located within the upper-income BNA.

The county's primary city is Snyder, but there are also several smaller communities. The economy is primarily based on the oil and gas industry, but it also includes agriculture. Major employers in the assessment area are governmentally-related, such as the Texas Department of Corrections, Western Texas College, the county, and the school district.

We made two community contacts during this examination. Additionally, we reviewed three contacts made recently by other regulatory agencies. Information obtained from these contacts did not identify any unmet credit needs. However, one contact did indicate that, although he was not aware of anyone who was unable to obtain financing, he does know that the legal lending limits of the financial institutions has been an impediment to obtaining financing. Also, another contact indicated that the city of Snyder lacks housing units, and that there are very few housing contractors in Snyder. These may be needs that could be addressed.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The loan-to-deposit ratio meets standards for satisfactory performance given the bank's resources, the local credit needs, and local competition. This ratio, adjusted for the amount of public funds on deposit, has averaged 39% over the last five quarters and compares well to local competitors.

Lending in the Assessment Area

A majority of loans are originated in the assessment area. Based on an analysis of loans by ZIP code as of May 15, 1998, eighty-one percent of the number of the bank's loans were within the assessment area. Also, sixty-three percent of the dollar amount of loans were within the assessment area compared to seventy-five percent of the bank's deposits.

Loans to Borrowers of Different Incomes and Business of Different Sizes

The distribution of lending to individuals and business 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. Also, the bank regularly extends loans to individuals with an origination balance of less than \$1 thousand dollars. The majority of commercial loans reviewed were to small businesses and businesses with annual gross revenues less than \$ 1 million.

Geographic Distributions of Loans

We did not perform an income-based geographical distribution analysis of lending patterns throughout the assessment area. The bank's assessment area contains no low- or moderate-income areas.

Reports of Complaints

The bank has received no consumer complaints concerning CRA performance. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified during the examination..