



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 1, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Floydada
Charter Number 7045
124 South Main
Floydada, Texas 79235**

**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 of Floydada** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 1, 1996. 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 Floydada 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 of Floydada with respect to each of the five performance criteria.

| SMALL INSTITUTION ASSESSMENT CRITERIA | <u>First National Bank of Floydada</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 | Not meaningful | | |
| Response to Complaints | No Complaints were received since the prior examination. | | |

DESCRIPTION OF INSTITUTION

First National Bank of Floydada (FNB) has one office and one ATM which are located in the city of Floydada, the county seat of Floyd County, Texas. Total assets are \$69 million. The financial condition of the bank is excellent; 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 January 10, 1995, and resulted in a "Satisfactory record of meeting community credit needs." The bank faces a high level of competition from other financial institutions within the assessment area. Net loans represent 33% of total assets. The primary business focus is agriculture related, with 66% of the lending portfolio centered in agriculture loans; commercial 12%; one-to-four family 8%; and all other 14%.

DESCRIPTION OF FLOYD COUNTY

The assessment area has been designated as Floyd County which is a non-MSA county. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. 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 city of Floydada has a total population of 3,876. 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 the bank's assessment area. Three commercial banks, including this bank, are located in the city of Floydada. FNB is the only unit bank in the city. The other two commercial banks are branches of banks located in cities close to Floydada.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

First National Bank has a reasonable loan-to-deposit ratio. It has averaged 34% since the last CRA assessment. Currently, the loan-to-deposit ratio is 40% compared to 41% 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. Real estate mortgage loans reflect the following income level distribution: low 14%; moderate 50%; middle 29%; and upper 7%.

All of the agriculture loans originated by the bank are to small farms with gross annual revenues of less than one million. 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.