



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 10, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Goliad
Charter Number 4565**

**222 South Market Street
Goliad, Texas 77963-0029**

**Comptroller of the Currency
Southwestern District
500 North 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 Goliad, Goliad, Texas**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 10, 1998**. 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 is responsive to community credit needs including low- and moderate-income individuals and areas. This is demonstrated by:

- A reasonable loan-to-deposit ratio given the bank's size, financial condition, and credit needs of the assessment area (AA). The ratio was of 66.3% as of September 30, 1997 and averaged 61.5% for the last nine quarters.
- A majority of loans are made within the bank's AA which is comprised of Goliad County.
- A reasonable penetration of loans is granted to low- and moderate-income individuals and small businesses.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST 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 AA		X	
Lending to Borrowers of Different Incomes and to Businesses of Different sizes		X	
Geographic Distribution of Loans	Analysis was not meaningful		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

First National Bank of Goliad (FNB) is a retail oriented, rural community bank with one full service location in Goliad, Texas and a loan production office in Victoria, Texas. A drive through facility and an automated teller machine are located in Goliad. TeleBank, a twenty four hour customer service banking convenience is provided. The bank is independently owned and operated. Total assets were \$30.5 million as of September 30, 1997 with total net loans of \$18.5 million representing 61% of assets. The bank does not face any significant legal impediments and the bank's financial condition does not inhibit efforts in supporting the community's credit needs. The bank's last CRA examination was September 28, 1995. FNB continues to provide a wide range of credit products and deposit services to the community.

DESCRIPTION OF ASSESSMENT AREA

FNB designates Goliad County as its AA. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. The AA is not located within a Metropolitan Statistical Area (MSA).

Goliad is the county seat of Goliad County. It is located in a rural setting approximately 70 miles north of Corpus Christi and 95 miles southeast of San Antonio, Texas. The 1990 census reflects Goliad County's population at 5,912 with the city of Goliad having 1,949 people. It also indicates a medium family income for the AA of \$24,586. There are 2,230 families, 24.6% shown as low income and 13% as moderate income. Middle-income and upper income are shown as 19.1% and 43.3% respectively. There are two block numbering areas, both middle income tracts, within the assessment area.

Our three community contacts disclosed financial needs of the community are being met in a satisfactory manner. The primary credit needs are for agriculture and consumer purposes.

One branch of Commercial National Bank, Beeville, is the only financial competitor in the AA. However, there is strong competition for consumer business from eight banks plus thrifts and credit unions located in other cities within a 30 mile radius. A large percentage of Goliad County residents work in these adjacent communities.

The area economy is based on tourism, agribusiness, oil and an electricity generating plant. The largest employers in the county are Goliad Independent School District, Central Power & Light and Goliad County. Industrial plants such as DuPont, Formosa Plastics and Alcoa Aluminum are located in nearby counties and provide employment for many Goliad County residents.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

FNB is performing in a satisfactory manner consistent with its resources and capabilities, in meeting the community credit needs of its AA, including low- and moderate-income individuals

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable. The average loan-to-deposit ratio for the last nine quarters is 61.5% and was 66.3% as of September 30, 1997. This ratio compares favorably with the average of 44.3% for eight banks located in adjacent communities. FNB's ratio has increased each year from 39.5% in 1993.

Lending in Assessment Area

A majority of loans are extended within the AA. An internal review of all loans made or renewed in September, October and November indicates that out of 168 loans, 100 or 59.6% were in the AA. They represented \$3.2 million with \$1.4 million, or 42.0%, within the AA. This points out the volume of small consumer loans and the lack of demand for larger commercial loans. There is very little industry and few large businesses in the AA. There were 72 home loans funded during

1997 of which 52 or 72.2% were in the AA. Out of 53 home improvement loans, 31 or 58.5% were in the AA.

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

FNB has a good distribution of loans to individuals and businesses with different income levels within the assessment area.

The following chart indicates FNB loans to businesses of all sizes. Six of the 23 loans were to agribusinesses. Fifteen of the 23 loans were located in the AA. The bank also participates in small business administration (SBA) loan originations. As of December 31, 1997 the bank had originated 4 SBA loans totaling \$1,216 thousand, two of which are located within their AA.

Lending to Borrowers of Different Income Levels										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total	
Area Demographics # of Families	24.57% 548		13.00% 290		19.10% 426		43.32% 966		100.00% 2,230	
Loan Type	#	%	#	%	#	%	#	%	#	%
1997 Loan Activity Report										
Home Improvement	8	29.6%	2	7.4%	8	29.6%	9	33.3%	27	100%
Consumer Sample										
Vehicle Loans	1	2.6%	6	15.8%	6	15.8%	25	65.8%	38	100%
Commercial Sample										
Gross Revenue Range	< \$100M		\$100M-\$500M		\$500M-\$1MM		> \$1MM		Total	
Loans	4	17.4%	13	56.5%	4	17.4%	2	8.7%	23	100%

Geographic Distribution of Loans

The distribution of loans within the two BNAs is reasonable. The demographic data provided from the 1990 census information indicates both are moderate income areas. Much of the county is made up of large ranches and is very sparsely populated. Further geographic distribution analysis was not performed as it would not be meaningful. There are no distinguishable low income areas. It did not appear that any area of the community had been arbitrarily excluded.

Responses to Complaints

During this evaluation period, no consumer complaints regarding CRA performance were received by FNB. Further, no violations of anti-discrimination laws and regulations were identified. All loans receive a secondary review before denial to ensure consistency in the lending process.