



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

MAY 22, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Perryton National Bank
Charter #11595
825 South Main, P. O. Box 969
Perryton, Texas**

**Comptroller of the Currency
500 N. Akard, 1600 Lincoln Plaza
Dallas, Texas**

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 Perryton National Bank, Perryton, Texas**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **May 22, 1997**. 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.

Factors which indicate Perryton National Bank's (PNB) commitment to principals of CRA:

- The bank actively originates loans to small farms and small businesses. Ninety-eight (98%) percent of the loans to small farms and small businesses reviewed were originated to borrowers within the assessment area.
- Loan to deposit ratios have risen from 34% in December, 1994 to 38% in December, 1996. As of our analysis date, the loan to deposit ratio had increased to 40%.
- Eighty-one (81%) percent of the number of consumer loans and eighty-five (85%) percent of the total volume of consumer loans sampled are within the bank's assessment area.
- Thirty (30%) of our sample of new consumer loans originated in 1997 were made persons with low or moderate income.

The following table indicates the performance level of PNB with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>PERRYTON NATIONAL BANK</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	REVIEW WOULD NOT BE MEANINGFUL AS THERE ARE NO LOW- OR MODERATE-INCOME AREAS; SEE REVIEW BY INCOME AND SIZE		
Response to Complaints	NO COMPLAINTS HAVE BEEN RECEIVED		

DESCRIPTION OF INSTITUTION

PNB is a \$52 million institution in the City of Perryton, Texas. The bank has not opened new facilities or Automated Teller Machines (ATM's) since the last examination. The bank is a subsidiary of Perryton Bancshares, Incorporated, a one bank holding company located in Perryton, Texas. Further, the bank's legal lending limit somewhat limits the size of loans the bank can make. However, through participation agreements with other banks, the bank would be able to handle larger lines for customers in the area.

Total loans comprise approximately 31.7% of total assets. Table 1 illustrates the composition of PNB loan portfolio as of March 31, 1997.

Table 1

LOAN TYPE	LOAN BALANCE	% OF TOTAL LOANS
REAL ESTATE LOANS	4,442	25.7
COMMERCIAL LOANS	4,009	23.2
AGRICULTURAL LOANS	5,057	29.2
INDIVIDUAL LOANS	3,790	21.9
TOTAL LOANS	17,298	100.0

PNB's competition is primarily five other financial institutions in Perryton and the nearby community of Spearman, Texas. These institutions are able to provide similar banking and credit services to those offered at PNB, and in some cases, product offerings may be more extensive due to the size of the institution and specialty products.

There are no legal or other financial factors which prevent PNB from being able to meet the credit needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREA: OCHILTREE COUNTY

PNB's assessment area (AA) is defined as Ochiltree county, which is located in the Texas panhandle, approximately 140 miles northeast of Amarillo, Texas. The AA meets the regulatory requirements and does not arbitrarily exclude any low- or moderate-income geographies. The assessment areas is not a MSA, but it is a political subdivision. Perryton is the largest city in the county.

The AA consists of four block numbering areas (BNAs), with an approximate population of 9M. Two BNA's are upper-income tracts and two are middle-income tracts. The HUD updated non-MSA Median Income for the State for 1996 is \$28,900.

The demographic information on the county indicates that persons with low- to moderate-income levels live throughout the county and in all BNAs. Of 2,664 families in the AA, 271 families or 13.93% are identified as having low income and 329 families or 12.35% have moderate income.

The primary credit needs of the community relate to the agriculture and oil and gas industries. Local residents also need financing for residential mortgages and consumer purpose credit.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

We reviewed the bank's loan-to-deposit ratio for the last five quarters and for the last three year ends. The year end ratios from 1994 through 1996 have improved steadily for the last three years from 34% to 38%. The ratio as of May, 1997, was 40%. This level is considered reasonable for the size and location of the bank as well as the economy of the area. We observed that the average ratio is lower than the ratios for other institutions in the area. This is attributable to management's historically conservative lending philosophies and loan products offered. Following a change in ownership in 1996, the bank has begun expanding the products and terms offered.

Lending in the Assessment Area

The PNB lends primarily within its AA. Our review of a sample of the loan portfolio shows that 81% of loans by volume and 85% by number are within the bank's AA. Also, a review of the commercial loan sample found 98% percent of the loans to small farms and small businesses were originated to borrowers within the AA. This level of lending within the AA indicates the bank is concerned primarily with local credit needs.

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

Using file information for the consumer loans sampled, we found that the bank lends to persons with low- and moderate-income levels. Based on our sample, 21.7% of loans by number (8.7% by volume) were to low- or moderate-income individuals. We sampled commercial loans and found 95% by number and 98% by volume were loans to small businesses and small farms. These levels indicate that PNB satisfactorily lends to persons of all income levels through the AA.

Geographic Distribution of Loans

Due to the limited number of geographies and the absence of any low- or moderate-income areas in the AA, a review of the geographic distribution of loans would not be meaningful. We based our determination that the bank is satisfactorily lending across varying income levels and the entire AA from our file sample.

A concurrent Fair Lending review was completed during this examination. We did not identify violations of the Fair Lending regulations, and we found no instances of discriminatory or disparate treatment of applicants or borrowers.

Responses to Complaints

The Public File did not contain any complaints filed since the last examination.

