



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 22, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Alpine
Charter Number 14643**

**101 East Avenue E
Alpine, Texas 79830**

**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 in Alpine, Alpine, Texas**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 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**.

First National Bank in Alpine is responsive to community credit needs including low- and moderate-income individuals and areas. This is evidenced by the following:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of the assessment area (AA). FNB's loan-to-deposit ratio has averaged 45.81% since the prior CRA evaluation and is comparable to similar institutions in its AA.
- A majority of loans are made within the bank's AA which is defined as all of Brewster County.
- The distribution of borrowers reflects reasonable dispersion among individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersal throughout the AA.
- There have been no consumer complaints regarding FNB's CRA performance during this evaluation period.

The following table indicates the performance level of First National Bank in Alpine 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 Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

First National Bank in Alpine (FNB) is an independently owned bank with total assets of \$70 million as of September 30, 1997. FNB has a main office in Alpine and a full service branch. The Quicksilver branch opened in October 1996 and is located in south Brewster County (between Terlingua and Study Butte). The bank offers automated teller machines services at each of their two locations. Other financial institutions in the AA include a state bank branch and a local credit union. First National Bank provides a wide range of credit products and deposit services to the community. Credit products include the following types of loans: consumer, residential, commercial, agricultural, small business, and credit card. There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs of the assessment area. A breakdown of the loan portfolio as of September 30, 1997 is shown on the following page.

Loan Type	Dollar Volume (000's)	% of Loan Portfolio
Consumer	\$ 8,738	26%
1 - 4 Family Residential	\$ 8,065	24%
Commercial Real Estate	\$ 6,721	20%
Commercial	\$ 5,041	15%
Agricultural	\$ 2,688	8%
Agricultural Real Estate	\$ 1,344	4%
Credit Card	\$ 672	2%
Other	\$ 337	1%
Total	\$ 33,606	100%

DESCRIPTION OF THE ASSESSMENT AREA

First National Bank designates Brewster County as its AA. Brewster County consists of four Block Number Areas (BNA's) with a total population of 8,681 as reported in the 1990 Census. The city of Alpine is the county seat and the largest city in the county with a population of approximately 6,000. The area's economy is linked to tourism, agribusiness, and light manufacturing. Sul Ross State University is located in Alpine and provides educational opportunities for the area.

The assessment area is comprised of two moderate and two middle income BNA's. The percentage of families in the AA, by income level, is as follows: low-income 25.69%; moderate-income 20.65%; middle-income 12.85%; upper-income 40.81%. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Contacts made with local community organizations indicated four primary credit needs within the community including affordable housing loans, home improvement loans, consumer loans, and small business operating loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Management is satisfactorily meeting the community credit needs of its AA, including low- and moderate-income individuals, consistent with its resources and capabilities.

● Loan to Deposit Ratio

FNB's loan to deposit ratio meets the standard for satisfactory performance and is comparable to other similar institutions in the area. FNB's loan to deposit ratio has averaged 45.81% since the prior CRA evaluation dated July 17, 1995. The bank's ratio as of September 30, 1997 increased to 50.97%. The average loan to deposit ratio for the ten banks in Brewster and adjoining counties was 38.64% as of June 30, 1997. The loan to deposit ratio for these ten banks have a wide range from 63.58% to 6.70%.

● **Lending in the Assessment Area**

A majority of loans are extended within the bank’s AA. As of November 22, 1997, the bank’s internal tracking system shows 81% of the number and 72% of the dollar amount of outstanding loans are within the bank’s AA. Our sample of recent residential, consumer, and business loan originations show 76% of the number and 52% of the dollar amount were extended within the bank’s AA.

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

The distribution of borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Our loan sample reflects high levels of consumer loan originations to low-income individuals and loans to businesses with gross revenues less than \$1 million. Residential lending in the last twelve months reflects a high level of lending to middle- and upper income families. The bank does offer a reduced down payment program for first time home buyers. The bank also takes and assists with applications for traditional 30 year mortgage loans through a third party.

The bank made three Small Business Administration (SBA) guaranteed loans since the prior CRA evaluation for a total of \$175 thousand. The bank also made several low interest rate loans to small businesses under the "Alpine Main Street Program". This program assists business owners with the rehabilitation and preservation of commercial buildings in the central business district. The following two tables summarize the loan sample distribution by income group and lending to businesses of different sizes.

Loan Sample Distribution by Income Group										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total # of Families	
Area Demographic Characteristics	25.7%		20.7%		12.8%		40.8%		100%	
# of Families	566		455		283		899		2,203	
Loan Type	#	%	#	%	#	%	#	%	#	%
Consumer	13	54.2	5	20.8	3	12.5	3	12.5	24	100
Residential	1	6.7	0	0.0	3	20.0	11	73.3	15	100
Total	14	35.9	5	12.8	6	15.4	14	35.9	39	100

Lending to Businesses of Different Sizes										
Gross Revenues \$	Less than 250,000		250,000-500,000		500,000-1,000,000		More than 1,000,000		Total	
Loan Type	#	%	#	%	#	%	#	%	#	%
Commercial and Agricultural	17	85.0	0	0.0	1	5.0	2	10.0	20	100

- **Geographic Distribution of Loans**

The distribution of loans within the AA is reasonable. The demographic data provided from the 1990 census information indicates that there are two moderate-income and two middle-income BNA's in Brewster County. There are no low- and upper-income BNA's. Management's internal tracking system shows a wide dispersal of loans within the AA.

- **Responses to Complaints**

During this evaluation period, no consumer complaints regarding CRA performance were received by FNB. Based on the loans sampled in our review, we did not identify any violations of the substantive provisions of the anti-discrimination laws and regulations.