



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 17, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Jacksboro
Charter Number 4483**

**201 S. Main
Jacksboro, Texas 76458**

**Comptroller of the Currency
1600 Lincoln Plaza
500 North Akard Street
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 the **First National Bank of Jacksboro** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 17, 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.

The First National Bank of Jacksboro (FNB) has a satisfactory record of meeting community credit needs. The bank's loan to deposit ratio is reasonable in light of the bank's performance context. FNB's assessment area does not arbitrarily exclude any low-to moderate-income areas, and a substantial majority of the bank's lending is within the assessment area. The bank actively lends to borrowers of all income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Jacksboro</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 performed as analysis would not be meaningful.		
Response to Complaints	No complaints received since the last examination.		

DESCRIPTION OF INSTITUTION

There are no impediments to FNB's ability to meet various credit needs. As of March 31, 1997, assets totaled \$66,857,000, with liabilities of \$61,325,000 and capital of \$5,532,000. The main office is located in downtown Jacksboro. A branch in the city of Runaway Bay opened in February, 1997. Both facilities offer products and services typical of community banks, including real estate, commercial, individual, and agricultural loans, as well as demand deposits, certificates of deposit, savings, NOW, and Money Market accounts, and automated teller machines.

DESCRIPTION OF JACK COUNTY AND THE CITY OF RUNAWAY BAY

FNB's assessment area includes Jack County, Texas, and the City of Runaway Bay, Wise County, Texas. This assessment area does not arbitrarily exclude any low- to moderate-income (LMI) areas, though there are no LMI block numbering areas in either of these locations. The population of the assessment area totals 16,506, with 7% being minorities. The median family income for the area is \$24,586. City Manager Mike Webb indicated that, though the economy is still dependent upon the oil and ranching industries, it has improved and is stable. He stated that home improvement and small business loans are some of the primary credit needs in the community, and that these needs are generally being met by the local financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

FNB's CRA performance is satisfactory. The bank makes all types of loans throughout its assessment area to individuals of differing income levels. We found no evidence of discriminatory practices, and cited no violations of the substantive provisions of antidiscrimination laws.

Assessment Area Concentration

A substantial majority of FNB's loans are made within the Jack County/Runaway Bay assessment area. Our samples indicated that 92% of consumer loans and 65% of commercial loans were to borrowers within the assessment area. In addition, the bank's internal analysis indicates that 85% of real estate loans made since January, 1996, were within the same area.

Loan to Deposit Ratio

FNB's loan to deposit ratio is reasonable when compared to the ratios of its competitors. As of March 31, 1997, FNB's loan to deposit ratio was 38.52%. The ratios for the six other banks or branches in the assessment area ranged from 23% to 55%. This figure is bolstered when considering that FNB's loan portfolio has grown from roughly \$15,000,000 in 1991, to over \$24,000,000 in 1997. This is an increase of 60% in seven years. In addition, the bank's high approval rate indicates a strong willingness to make loans. Since January of 1996, FNB approved 66 of 76, or 87%, of real estate applications received. Only nine percent of these applications were denied, with the remaining four percent being withdrawn by the applicant.

Lending to Borrowers of Differing Incomes

The bank does not regularly monitor its lending patterns by income level or geography. In order to better understand FNB's lending practices, we reviewed a sample of consumer loans and information concerning small dollar loans. FNB's loan distribution reflects a satisfactory penetration among borrowers of different income levels. Our sample of consumer loans revealed that at least 14 of the 38 loans we reviewed, or 36%, were to low- or moderate-income individuals. Because income information was not available for 15 of these borrowers, this figure could be understated. We also looked at the number of loans the bank has originated for less than \$1,000, presuming most of these are made to borrowers with low- or moderate-income. Since September of 1996, 251 of the 1,336 loans originated, or almost 19%, meet this criterion.

Because FNB's assessment area does not contain any block numbering areas that are considered low- or moderate-income geographies, we did not review the bank's lending distribution by geography.

Our review of the bank's compliance with Fair Lending laws revealed no evidence of discriminatory practices. We cited no violations of the substantive provisions of antidiscrimination laws.

Response to Substantiated Complaints

FNB has received no complaints concerning its performance in meeting assessment area credit needs.