



**SMALL BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

## **PUBLIC DISCLOSURE**

**October 02, 2003**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Comanche National Bank  
Charter Number 4246**

**100 East Central  
Comanche, TX 76442**

**Comptroller of the Currency  
ADC-Dallas South  
500 North Akard Street Suite 1600  
Dallas, TX 75201**

**NOTE: This document is an evaluation of this 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. 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.**

## TABLE OF CONTENTS

<b>INSTITUTION'S CRA RATING.....</b>	<b>1</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>2</b>
<b>DESCRIPTION OF COMANCHE COUNTY &amp; ADJOINING COUNTIES.....</b>	<b>3</b>
<b>CONCLUSIONS ABOUT PERFORMANCE CRITERIA.....</b>	<b>3</b>

## INSTITUTION'S CRA RATING

**This institution is rated Outstanding.**

Comanche National Bank's lending performance reflects excellent responsiveness to its community's credit needs. Several factors supporting this rating are:

- A substantial majority of the bank's loans are made within the designated assessment area.
- A significant portion of bank loans are made to low-and-moderate individuals, and small businesses and farms.
- The bank has established an affordable housing program, which is available to low-to moderate income borrowers.
- The bank has a significant amount of community development loans and community services, and qualifying investments.

## DESCRIPTION OF INSTITUTION

The Comanche National Bank has one office and is located in the city of Comanche, Texas. Comanche is the county seat of Comanche County. As of September 30, 2003, the bank had total assets of \$118 million and \$47 million in total loans. The lending focus is centered in agricultural, 1-4 family real estate and consumer loans, representing 86% of the loan portfolio. The Comanche National Bank is locally owned and managed. There are no financial or legal impediments to the bank's ability to meet the credit needs of its assessment area. The chart below reflects the banks loan portfolio mix as of September 30, 2003:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate Loans	3,136	6.71%
Commercial Loans	2,750	5.88%
Residential Real Estate Loans	12,823	27.44%
Agricultural Loans	8,635	18.48%
Agricultural Loans secured by Real Estate	8,635	18.48%
Consumer Loans	10,269	21.98%
Other Loans	481	1.03%
<b>Total</b>	<b>\$46,729</b>	<b>100.00%</b>

## DESCRIPTION OF COMANCHE COUNTY AND ADJOINING COUNTIES

The bank's assessment area is primarily Comanche County and the adjoining counties of Erath, Hamilton, Mills, Brown, and Eastland counties. Comanche County is bound on the south side by Mills County, east side by Erath and Hamilton Counties, west side by Brown County and north side by Eastland County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<i>Population</i>	
Number of Families	3,852
Number of Households	5,299
<i>Geographies</i>	
Number of Census Tracts/BNA	4
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	2
% Middle-Income Census Tracts/BNA	2
% Upper-Income Census Tracts/BNA	0
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	\$24,585
2000 Census Bureau Estimated Median Household Income	\$29,082
2003 HUD Estimated MFI	\$41,200
<i>Economic Indicators</i>	
Unemployment Rate	3.5%
1990 Median Housing Value	\$31,770
% of Households Below Poverty Level	23%

The areas major employers include the Comanche Independent School District and the Consolidated Hospital District. The local economy is highly dependent on agriculture. Primary credit needs are for consumer, real estate and agricultural loans. Our community contact revealed there are no unmet credit needs.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Comanche National Bank has demonstrated excellent lending performance. The bank also extends a significant volume of small consumer loans to low-to-moderate income borrowers. The geographical distribution of loans is very favorable and reflects penetration among individuals of different income levels. Based on a sample of 20 consumer loans and 20 residential real estate loans, lending to low-to-moderate income borrowers meets the standards for outstanding performance. In addition, Comanche National Bank has several qualified community development loans, services and investments. The bank has a strong commitment to

meet every credit need of the community it serves. The evaluation period is from March 24, 1997 to October 2, 2003. The following tables support these conclusions.

### Loan-to-Deposit Ratio

Comanche National Bank's loan-to-deposit ratio is satisfactory in comparison to other local financial institutions. Consideration is given to the fact that Comanche National Bank is a depository for public funds for various local city and county offices. The bank's loan-to-deposit ratio compares favorable when the approximate \$15 million in municipal funds are excluded from total deposits.

Institution	Assets (as of 12/31/02)	Average LTD Ratio
The Dublin National Bank	\$30,269	59.16%
First National Bank of Dublin	\$55,786	62.23%
Farmers And Merchants Bank	\$53,013	28.67%
<i>The Comanche National Bank</i>	<i>\$120,889</i>	<i>42.60%</i>

### Lending in Assessment Area

Comanche National Bank's lending in the assessment area meets the standards for outstanding lending performance. The bank extends a majority of loans within the designated assessment area. Based on the sample of 40 loans, the in/out ratio is very high at 93%.

TOTAL LOANS REVIEWED (Evaluation Period)								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Consumer	19	95.00%	142	94.04%	1	5.00%	9	5.96%
1-4 Family R/E	18	90.00%	532	76.99%	2	10.00%	159	23.01%
Total Reviewed	37	93.00%	674	80.05%	3	7.00%	168	19.95%

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

A random sample of 40 loans reveals that the majority of loans are made to low and moderate income borrowers. 75% of the consumer sample were made to low-to-moderate income borrowers. Penetration of all income levels in the 1-4 family real estate is very good and reflects good coverage of real estate loans for low-to-moderate income borrowers. The bank's low income housing program is directly attributed to the penetration of housing loans for this group of borrowers. Current bank data reflect that \$1.3 million have been extended to over 102 families under this program. The bank meets the standards for outstanding performance.

CONSUMER (Evaluation Period)								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	29.70%		16.90%		17.40%		36.00%	
LOANS BY PRODUCT	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
<b>Consumer</b>	<b>60.00%</b>	<b>31.79%</b>	<b>15.00%</b>	<b>19.87%</b>	<b>25.00%</b>	<b>48.34%</b>	<b>0.00%</b>	<b>0.00%</b>

RESIDENTIAL REAL ESTATE (Evaluation Period)								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	25.70%		20.10%		20.70%		33.50%	
LOANS BY PRODUCT	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
<b>1-4 Family R/E</b>	<b>25.00%</b>	<b>16.64%</b>	<b>25.00%</b>	<b>18.67%</b>	<b>30.00%</b>	<b>26.48%</b>	<b>20.00%</b>	<b>38.21%</b>

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES (Evaluation Period)		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	<b>93.71%</b>	<b>6.29%</b>
% of Bank Loans in AA #	<b>89.16%</b>	<b>10.84%</b>
% of Bank Loans in AA \$	<b>68.09%</b>	<b>31.19%</b>

\*Excludes 198 out of 1,040 not reporting revenues.

## Geographic Distribution of Loans

Comanche National Bank geo-codes the loan portfolio by location and income level during the normal course of business. Based on bank records as of September 30, 2003, \$44.9 million or 96.37% of total loans were made within the designated assessment area. The distribution by income levels reflect that 32.3% of total bank loans were made to borrowers with annual income of \$25 thousand or less, while 65.6% of total bank loans were made to borrowers with annual income of greater than \$25 thousand. The following charts reflect the distribution a sample of 40 loans to the census tracts within the assessment area. There are no low or upper income census tracts in the assessment area.

RESIDENTIAL REAL ESTATE (Evaluation Period)								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied <sup>4</sup>	0.00%		40.80%		59.20%		0.00%	
LOANS BY PRODUCT	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
<b>1-4 Family R/E</b>	<b>0.00%</b>	<b>0.00%</b>	<b>90.00%</b>	<b>85.60%</b>	<b>10.00%</b>	<b>14.40%</b>	<b>0.00%</b>	<b>0.00%</b>

CONSUMER (Evaluation Period)								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households <sup>5</sup>	0.00%		43.60%		56.40%		0.00%	
LOANS BY PRODUCT	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
<b>Consumer</b>	<b>0.00%</b>	<b>0.00%</b>	<b>80.00%</b>	<b>70.00%</b>	<b>20.00%</b>	<b>30.00%</b>	<b>0.00%</b>	<b>0.00%</b>

The 1-4 family real estate sample reveals that 90% of the sampled loans were made within moderate census tracts, while 80% of the consumer loans were made within moderate census tracts. This meets the standards for “outstanding” performance.

### **Qualified Investments and Community Development Services**

The bank has several qualifying community services and community development loans totaling \$373 thousand. These loans were made to Comanche Industrial Foundation and Comanche Economic Development Corporation. The bank also has qualified investments in city and county issues totaling \$847 thousand.

The bank employs Spanish speaking employees to assist non-English speaking customers with loan application and other banking services. An ATM is provided on bank premises for banking services outside of normal banking hours.

### **Responses to Complaints**

Comanche National Bank received no complaints during the evaluation period related to CRA issues or performance.

### **Fair Lending Review**

An analysis of 1998 –2002 public comments and consumer complaint information was performed according to the OCC’s risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.

