



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 12, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank of Breckenridge
Charter Number 15123
301 West Walker Street
Breckenridge, Texas 76424.**

**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 **Citizens National Bank of Breckenridge, Breckenridge, Texas** prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of March 12, 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 lending performance of the Citizens National Bank of Breckenridge reflects satisfactory responsiveness to its community's credit needs. The loan-to-deposit ratio is reasonable in comparison to other institutions in Stephens County. A substantial majority of the loans extended are within the Stephens County assessment area. The lending pattern reflects a reasonable penetration among individuals of different income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>CITIZENS NATIONAL BANK OF BRECKENRIDGE</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	Distribution not performed as it would not be meaningful		
Response to Complaints	No complaints were received since the prior examination		

DESCRIPTION OF INSTITUTION

The Citizens National Bank of Breckenridge (CNBB) has one banking office with one operational ATM located in Breckenridge, Texas. As of December 31, 1996, the bank had total assets of \$58 million with \$27 million in total loans. The primary business focus of the bank is commercial loans with 39% of the dollar volume in the loan portfolio centered in agricultural related and commercial businesses. In addition, the bank has 34% of its loan portfolio in real estate related loans centered in single family housing and commercial real estate.

The bank is 100% owned by Olney Bancshares of Texas, Inc., a multi-bank holding company. The bank is affiliated through common ownership with First National Bank of Olney, Farmers National Bank of Seymour, First Coleman National Bank, Graham National Bank, and First National Bank of Throckmorton.

DESCRIPTION OF STEPHENS COUNTY

The Board has designated Stephens County as the bank's assessment area. The county has a population of 9 thousand and a median family income of \$26 thousand according to 1990 census data. There are no low or moderate income block numbering areas (BNA) within the county, however, through visual observation of the community we found there to be neighborhoods of low and moderate income families. The local economy is stable. Efforts to diversify the county's primary industry from energy and ranching has resulted in an increase in manufacturing plants. Major employers in the area include Crest Ridge Homes, a state prison, the Breckenridge ISD, and the Stephens Memorial Hospital. Primary credit needs are housing loans, small business loans, general consumer loans, agricultural loans, and oil & gas loans. Community contacts with local business and civic leaders indicated the bank is responsive to the credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

CNBB's lending performance is satisfactory. The bank makes consumer, real estate, small business, and agricultural loans throughout the assessment area to individuals with differing income levels. Our review of fair lending regulations revealed no evidence of discriminatory practices, and no violations of the substantive provisions of antidiscrimination laws.

Assessment Area Concentration

A substantial majority of the bank's lending is within the Stephens County assessment area. We sampled 30 mortgage, 56 consumer, and 50 commercial loans. Our analysis reflected 90.4% of the loans extended in 1996 were within the assessment area.

Loan to Deposit Ratio

Within the bank's assessment area, competition consists of one national bank (the primary competitor), a branch of a state bank, a branch of a savings and loan, a finance company and an agricultural loan production office. Not all of these competitors retained comparative loan-to-deposit data or data on loans extended predominantly within Stephens County. CNBB's loan to deposit ratio at December 31, 1996, reflects reasonable performance at 51.70% when compared with the other major Stephens County institution of 45%. The bank's loan-to-deposit ratio averaged 44% for the past 10 quarters and is in line with the other financial institution's average for the same period.

Geographic Distribution of Loans

CNBB's loan distribution reflects a reasonable penetration among borrowers of different income levels. While the bank obtains income information on its loan customers, there is no internal analysis to determine the level of penetration into different income levels. The results of a random sample of loans reflected 29% of consumer and 37% of residential and home improvement loans were extended to borrowers with low or moderate income levels. The sample of commercial loans indicated that 100% were extended to small business borrowers with gross revenues less than \$1 million.

CNBB is making an effort to meet the needs of the low and moderate income borrowers by the extension of low-dollar loans. Typically the lower dollar loans are made to low and moderate income individuals. The bank's internally analysis indicates that in 1996, there were approximately 500 loans originated or renewed at \$1 thousand or less averaging \$650 per loan.

A geographic distribution analysis was not performed during this examination as it would not be meaningful. There are no distinguishable low income BNA's in the assessment area, therefore, plotting loans in a geographical analysis would not be

representative of the specific income of the individuals in specific geographies. Although an analysis was not performed, it did not appear that any areas of the community had been arbitrarily excluded.

Response to Substantiated Complaints

Citizens National Bank of Breckenridge has received no complaints concerning its performance in meeting assessment area credit needs.