

## **PUBLIC DISCLOSURE**

**May 26, 1999**

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

**First National Bank Littlefield  
Charter Number 12824**

**337 Phelps Ave  
Littlefield, Texas 79339**

**Comptroller of the Currency  
Southwestern District  
500 N. 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 of Littlefield** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of May 26, 1999. 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 First National Bank of Littlefield is satisfactory. The following highlights the bank’s performance:

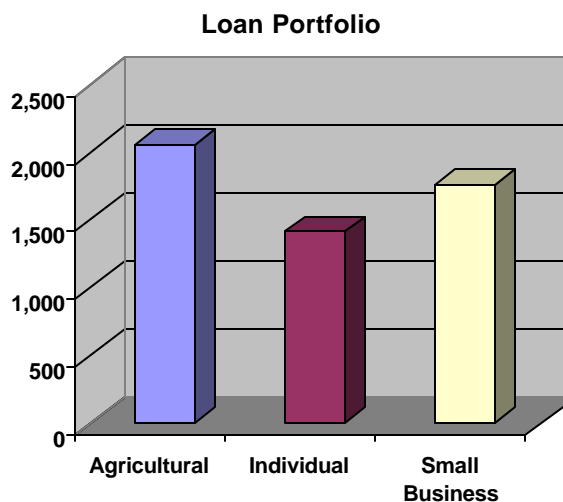
- The loan to deposit ratio is reasonable, given the bank’s size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the bank’s assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes.
- A rating of the geographic distribution of loans would not be meaningful.
- The bank has received no complaints since the last examination about its performance in meeting assessment area credit needs.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Littlefield</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	An analysis of the geographical distribution of loans would not be meaningful		
Response to Complaints	No complaints have been received since the last examination.		

## DESCRIPTION OF INSTITUTION

The First National Bank of Littlefield (FNB) is a \$13 million bank with two locations in Littlefield, Texas. The bank is a locally owned community bank. Deposit products include certificates of deposit, demand deposit accounts, and savings accounts. Loan products include agricultural, small business, and consumer loans. Loans represents 43% of total assets as of March 31, 1999. This evaluation covers the period from the prior performance evaluation, dated April 29, 1996, to May 26, 1999. The bank received a *Satisfactory* rating at the prior evaluation.



## DESCRIPTION OF LAMB COUNTY

The Board of Directors has designated Lamb County as the bank's assessment area. This county is not located in a Metropolitan Statistical Area (MSA). The assessment area meets the requirement of the Community Reinvestment Act, and does not arbitrarily exclude low to moderate-income geographies. The 1990 census reflects a county population of 15,072. The City of Littlefield has a population of approximately 6,800.

The median family according to the 1990 census for the State of Texas is \$24,586. The 1998 HUD updated median family income for Lamb County is \$33,900. The county contains six block numbering areas (BNAs) - four middle-income, one upper income and one moderate income and no low-income. Twenty-four percent of total households in the assessment area are low income; 19% of the households are middle income; 20% are moderate income and 37% upper-income.

The economic base of the assessment area is agricultural. Major employers include American Cotton Growers (ACG), the Littlefield Independent School District, and Vertical Turbine Specialist, Inc. (VTS). The county unemployment levels are seasonal and highly dependent on the local agricultural economy.

Credit needs in the assessment area are centered in agricultural loans to small and medium sized operations. There are eight other financial institutions in the bank's assessment area, in addition to the Farmer's Home Administration and the Federal Land Bank. Five financial institutions are located in the city of Littlefield.

We reviewed the community contract data from two related sources. Information obtained from these contacts does not indicate there are unmet credit needs in the assessment area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

The loan-to-deposit ratio, at 39% as of May 25, 1999, is reasonable given the bank's size, financial condition, capacity to lend, assessment area credit needs and the local economy. Due to the cyclical nature of the bank's lending patterns, the loan-to-deposit ratio varies throughout the year. Depending upon the time of year, the bank's loan-to-deposit ratio ranges from a low of 30% to a high of 62%. The ratio has averaged 50% percent since April 30, 1997. This range of loan-to-deposit ratios is similar to those of other banks located in the area.

### **Lending in the Assessment Area**

A majority of the loans made are to borrowers within the assessment area and are funded with deposits from within the assessment area. The following chart details the loan distribution based on an analysis on the loan portfolio by zip code of the borrower.

	<b>Loans by Dollar</b>	<b>Loans by Number</b>
Within Lamb Co.	72%	79%
Outside Lamb Co.	28%	21%

### **Lending to Borrowers of Different Income and to Business of Different Sizes**

The distribution of lending to individuals and businesses of different income level is reasonable, given the demographics of the assessment area. The bank does not perform a borrower income analysis. However, our review of random selected consumer credits indicate that the bank extends credit to individuals with a range of income levels (including low and moderate income) and businesses of different sizes.

During our evaluation, we reviewed bank reports on many commercial and agricultural lending relationships within the assessment area. All loans were to small businesses with annual revenues less than \$1 million and small farms with annual revenues less than \$500 thousand.

### **Geographic Distribution of Loans**

The assessment area is homogeneous in its income composition; therefore, it is not necessary to perform a geographical distribution analysis of lending patterns within the assessment area.

### **Responses to Complaints**

The bank has received no complaints about its performance in meeting assessment area credit needs.

**Record of Compliance with Antidiscrimination Laws**

We performed a fair lending review using procedures outlined within the OCC's Fair Lending Booklet, dated October 1997. The fair lending review focused on loans secured by vehicles. A comparative file review based on the loan term approach was conducted with specific emphasis on the potential for discrimination based on gender. Loan terms and interest rates on this group of loans were compared. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.