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Comptroller of the Currency  
Administrator of National Banks

**SMALL BANK**

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## **PUBLIC DISCLOSURE**

June 1, 1999

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

**First National Bank of Fort Stockton  
Charter Number: 14842**

**1000 West Dickinson  
Fort Stockton, Texas 79735**

**Office of the Comptroller of the Currency  
San Antonio North Field Office  
9601 McAllister Freeway, Suite 200  
San Antonio, Texas 78216-4605**

**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 CRA performance of **First National Bank of Fort Stockton** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **June 1, 1999**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

First National Bank of Fort Stockton's lending performance reflects reasonable responsiveness to community credit needs, including low- and moderate-income individuals and areas. The following describes the bank's performance:

- C The bank's loan volume, as measured by its loan-to-deposit ratio, meets the standards for satisfactory performance, averaging 49% since the previous CRA examination.
- C The bank makes a majority of its loans within the assessment area.
- C The distribution of borrowers reflects a satisfactory penetration among individuals of different incomes and businesses of different sizes.
- C The bank's geographic distribution of lending is reasonable.
- C The bank received no CRA-related complaints since the previous CRA examination.

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

Small Institution Assessment Criteria	First National Bank of Fort Stockton 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		X	
Response to complaints	No complaints were received since the prior examination.		

### Description of Institution

First National Bank of Fort Stockton (FNB) is a locally owned and managed institution with \$38 million in total assets. The bank was chartered in 1958 and provides banking services through its one office located in the city of Fort Stockton, Pecos County, Texas. The bank operates one automatic teller machine (ATM) in the drive-up facility adjacent to the main office. All ATM instructions are in both English and Spanish.

The bank offers small business, farm, consumer, residential purchase, and home improvement loans. FNB is an approved Small Business Administration lender and has a strong commercial lending effort focusing on small business. Commercial real estate and commercial loans respectively accounted for 38% and 22% of gross loans as of March 31, 1999. Agricultural loans represented another 16%. At the previous CRA examination dated February 7, 1997, FNB received an “Outstanding” rating.

<b>Loan Portfolio Breakdown As of March 31, 1999</b>		
<b>Type of Loan</b>	<b>Amount (by dollar)</b>	<b>% of Portfolio</b>
Commercial Real Estate	4,669	38%
Commercial	2,640	22%
Agricultural	1,991	16%
Residential Real Estate	1,576	13%
Consumer	1,363	11%
Gross Loans	12,239	100%

### **Description of Assessment Area**

The bank's assessment area (AA) consists of Pecos County and includes five block numbering areas. Fort Stockton is the largest town in Pecos county. According to the 1990 Census, the county has a population of approximately 15,000. Fort Stockton is approximately 230 miles southeast of El Paso and 330 miles northwest of San Antonio. The principal industry is agriculture with substantial oil and gas production. There is also a significant tourism sector and there are over 1,000 motel rooms in Fort Stockton. The unemployment rate for Pecos County is approximately 8%. It is not part of a metropolitan statistical area.

The Texas 1998 nonmetropolitan median family income is \$32,100. Pecos County has an estimated 1998 median family income of \$23,471. It is one of the poorest counties in Texas with 27% of households being below the poverty level. The county is composed of five block numbering areas, three of which are designated as middle-income. One block numbering area is moderate-income, and one is designated as upper-income. Fort Stockton, the county's one large population center, is largely divided between the one upper, and one moderate income area. There are no low income tracts in the county. Of all families living in the AA, 27% are low-income, 15% are moderate-income, 20% are middle-income, and 38% are upper-income. There are two other financial institutions headquartered in Pecos County. Pecos County State Bank has total assets of \$72 million, and Iraan State Bank has total assets of \$19 million.

Examiners conducted community contacts with the Fort Stockton Chamber of Commerce and the Department of Agriculture's Rural Development office. Credit needs identified by the community contacts included rental housing, consumer, and small business loans. Both contacts stated that the local financial institutions are doing a reasonable job of meeting these needs.

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

Management has demonstrated satisfactory performance in meeting the credit needs of the AA.

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

The bank's volume of lending, as measured by its loan-to-deposit ratio, is satisfactory when compared to other community banks located in surrounding counties. The bank's average loan to deposit ratio since the previous examination is 49%. Similar institutions in the area had loan to deposit ratios averaging between 31% to 56% over the same period. The bank's ratio has trended downward recently and amounted to 39% as of March 31, 1999.

### ***Lending in the Assessment Areas***

The bank made a majority of the number and dollar volume of loans to consumers or businesses located within the AA. As part of our examination, we reviewed a sample of twenty consumer, eleven residential, ten commercial, and ten agricultural loans originating in 1998 and 1999. Of the residential loans sampled, 91% by number and 78% by dollar amount were within the AA. For consumer loans, 90% by number and 81% by dollar amount were within the AA. Seven of ten commercial loans and nine of ten agricultural loans sampled were made within the assessment area.

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

The distribution of loans to borrowers of different income levels demonstrates a satisfactory lending effort to low- and moderate-income households. In fact, of the 20 consumer loans sampled, 50% were to low income borrowers. This income group makes up only 27% of families in the area. The consumer lending distribution has benefitted from a strong small consumer loan effort reaching low-income borrowers. Although these loans do not amount to a large dollar volume, our findings suggest this product has been very helpful to low-income borrowers.

The residential lending effort has had less success reaching low-income borrowers. Only one of the eleven residential loans sampled was to a moderate-income borrower. The bank made no home loans to low-income borrowers. The following table is a breakdown of the bank's consumer and residential real estate loans by borrower income levels, compared to the percentage families in the AA with those incomes.

<b>Loan Sample Distribution by Income Group</b>										
	<b>Low Income Families</b>		<b>Moderate Income Families</b>		<b>Middle Income Families</b>		<b>Upper Income Families</b>		<b>Total # of Families</b>	
<b>Families</b>	27%		15%		20%		38%		100%	
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Consumer</b>	9	50	2	11	4	22	3	17	18	100
<b>Residential</b>	0	0	1	10	3	30	6	60	10	100

The bank's strong commercial lending effort has been successful in reaching small businesses. Of our sample of ten commercial lending relationships, half were with businesses with gross revenues of less than \$100,000. All but one were with businesses with revenues of less than \$1 million. The agricultural sample also indicated a good effort to lend to small operations.

<b>Lending to Businesses and Farms of Different Sizes</b>										
<b>Gross Revenues \$000's</b>	<b>Less than 100,000</b>		<b>100,000- 500,000</b>		<b>500,000- 1,000,000.</b>		<b>More than 1,000,000</b>		<b>TOTAL</b>	
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Agricultural</b>	5	56	4	44	0	0	0	0	9	100
<b>Commercial</b>	2	29	3	43	1	14	1	14	7	100

### ***Geographic Distribution of Loans***

The distribution of loans reflects a reasonable dispersion of loans given the area's demographics and the location of the bank's one office. 1990 census information indicates 42% of families in Pecos County

reside in middle income tracts, 31% in upper income tracts, and 27% in moderate income tracts. Our loan sample findings indicate good consumer and commercial efforts in moderate income areas. Residential loans were less likely to be made in these areas. The distribution of sampled loans within the assessment area is summarized in the following chart.

<b>GEOGRAPHIC DISTRIBUTION OF LOANS</b>										
	Low Income Tracts 0		Moderate Income Tracts 1		Middle Income Tracts 3		Upper Income Tracts 1		Total  5	
<b>Loan Types</b>	#	%	#	%	#	%	#	%	#	%
Agricultural	NA	NA	0	0	7	78	2	22	9	100
Commercial	NA	NA	5	71	0	0	2	29	7	100
Consumer	NA	NA	10	55	0	0	8	45	18	100
Residential	NA	NA	0	0	3	30	7	70	10	100

***Response to Complaints***

First National Bank of Fort Stockton has not received any complaints from the public regarding the bank’s CRA performance.

***Compliance with Anti-Discrimination Laws and Regulations***

Based on our review, the bank is in compliance with anti-discrimination laws and regulations. Examiners found no evidence of disparate treatment.