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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Citizens National Bank of Crosbyton  
Charter Number 8515**

**202 West Main  
Crosbyton, Texas 79322**

**Office of the 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 **Citizens National Bank of Crosbyton** prepared by the **Office of Comptroller of the Currency**, the institution's supervisory agency, as of December 10, 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 loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- A majority of the bank's loans are within the assessment area.
- The distribution of borrowers indicates that the bank is lending to individuals of all income levels and to small businesses.
- An analysis of the geographic distribution of loans within the assessment area would not be meaningful.
- Since our last examination, the bank has not received any consumer complaints regarding its performance under the CRA.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>(NAME OF FINANCIAL INSTITUTION)</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 geographic distribution of loans within the assessment area would not be meaningful due to the size and composition of the block numbering areas.		
Response to Complaints	No complaints were received since the prior examination.		

## DESCRIPTION OF INSTITUTION

Citizens National Bank, Crosbyton, Texas, was chartered in 1922. The bank is wholly owned by Citizens Bancshares, Inc., a one bank holding company, located in Crosbyton, Texas. It has only one office and no Automated Teller Machines. As of September 30, 1997, the institution had \$25.7 million in total assets, \$8.2 million in loans, and \$16.7 million in investments. As shown in the table below, the loan portfolio is concentrated in agriculture-related loans.

<b>Loan Type</b>	<b>Loan Balance</b>	<b>% of Total Loans</b>
<b>Agriculture</b>	<b>4,336M</b>	<b>53%</b>
<b>Consumer</b>	<b>1,383M</b>	<b>17%</b>
<b>Real Estate</b>	<b>1,972M</b>	<b>24%</b>
<b>Commercial</b>	<b>325M</b>	<b>4%</b>
<b>Other Loans</b>	<b>137M</b>	<b>2%</b>
<b>Total Loans</b>	<b>8,153M</b>	<b>100%</b>

The bank does not face any legal impediments or other factors which inhibit it from meeting the identified credit needs of its assessment area. The bank does face competition from two other banks, a credit union, the Production Credit Association, and various credit card entities and finance companies. The last CRA examination was performed November 17, 1995, and resulted in a rating of "Satisfactory".

## DESCRIPTION OF CROSBY COUNTY

The Board of Directors has defined the bank's assessment area (AA) as Crosby County, Texas. This AA meets the requirements of the CRA and does not arbitrarily exclude low or moderate income geographies. Crosby County has three Block Numbering Areas (BNA), as detailed in the following table.

Citizens National Bank - Assessment Area Crosby County															
Low-Income				Moderate-Income				Middle-Income				Upper-Income			
BNAs		Families		BNAs		Families		BNAs		Families		Census Tracts		Families	
0	0%	522	28%	1	33%	403	21%	2	67%	414	22%	0	0%	549	29%

Source: Demographic Data - 1990 U.S. Census

Census data 1990 indicates that Crosby County had a population of 7,304, with 1,888 families and 2,496 households. The county's population has declined 17.6% since 1980. This data further shows that there were 200 businesses in Crosby County, of which 37 were farms. The table below shows this data by BNA and by income characteristics.

Distribution of the Number of Businesses, Farms, Housing Units and Households Within the Assessment Area By Income Level of the Census Tracts									
Census Tracts	Low-Income		Mod-Income		Middle-Income		Upper-Income		
	0	0%	1	33%	2	67%	0	0%	
Demographic Category	#	%	#	%	#	%	#	%	
Businesses		0%	42	32%	91	68%		0%	
Farms		0%	23	62%	14	38%		0%	
1-4 Family Housing Units		0%	1,192	36%	2,120	64%		0%	
Households		0%	998	40%	1,498	60%		0%	
Distribution of the Families and Households Within the Assessment Area By Their Income Characteristics									
Families	522	28%	403	21%	414	22%	549	29%	
Households	692	28%	488	20%	460	18%	856	34%	

Source: U.S. Census Demographic Data

The dominant industry is agriculture, and in particular cotton. There is also some ranching in the area. Primary employers for the AA are the local school districts of Crosbyton, Ralls, and Lorenzo.

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

### **Loan to Deposit Ratio**

The loan-to-deposit ratio is reasonable given the bank's size, competition, and local loan demand. The ratio has averaged 31.4% since March 31, 1995. This ratio fluctuates with the agriculture season, from a low point around March to its peak around September. We compared this ratio with other banks in the area. The average ratio for the other banks averaged 39.7% and followed the same seasonal pattern.

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

A majority of the bank's loans are within its assessment area. An analysis of the entire loan portfolio showed that 66% of the bank's loans, representing 62% of the total portfolio, were made to borrowers located within the assessment area.

### **Lending by Income Level**

The distribution of loans by income levels reflects a reasonable penetration among all levels. We sampled thirty loans currently on the bank's books. The results are shown in the table below.

<b>INCOME LEVEL</b>	<b># OF LOANS</b>	<b>%</b>
Low	9	30.0
Moderate	11	36.6
Middle	5	16.7
Upper	5	16.7

Additionally, all of the bank's business loans are considered to be small business loans.

### **Geographic Distribution of Loans**

We did not analyze the geographical distribution of loans throughout the assessment area. The area is comprised of three large BNAs with residents of varying income levels. There are no well-defined low or moderate income areas. Therefore, a geographical lending analysis would not be meaningful.

## **RESPONSE TO COMPLAINTS**

The bank has not received any complaints about its performance under the CRA. The bank has a satisfactory record of complying with fair lending and antidiscrimination laws and regulations. We did not identify any violations of such laws during this examination.