



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 25, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Santo
Charter Number 8176**

**100 Palo Pinto St.
Santo, Texas 76472**

**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 **The First National Bank of Santo** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 25, 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 First National Bank of Santo's lending performance reflects satisfactory responsiveness to its community's credit needs. The bank's loan to deposit ratio at 51% is reasonable and comparable to that of other local institutions. Most of the loans are within the bank's designated assessment area and reasonably penetrate the different income areas.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST NATIONAL BANK OF SANTO 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

The First National Bank of Santo has three offices, located in the communities of Santo, Palo Pinto, and Mingus, Palo Pinto County, Texas. The bank has total assets of \$27 million with \$13 million in total loans. The primary business focus is housing and general consumer lending with 53% of the loan portfolio centered in these loans. Agriculture related and commercial loans comprise an additional 35% of the portfolio.

The First National Bank of Santo 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.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area has been designated as Palo Pinto County, Texas. The bank and its two branches are located in the southern half of Palo Pinto County, bordering Parker, Hood and Erath counties. The non-MSA area has a population of 25 thousand according to 1990 census data and a median family income of \$25 thousand. There are no low income block numbering areas within the county. One moderate income block numbering area is located within Palo Pinto County. Employment is tied to agriculture. Primary credit needs are agriculture loans, small business loans, housing loans, and general consumer loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

The First National Bank of Santo has a satisfactory lending performance. The bank's loan-to-deposit ratio averaged 51% for the past four quarters and is comparable to the other local institutions. As of September 30, 1996, the bank's ratio was 54%.

A majority of the bank's lending is within the assessment area. An analysis performed during this examination reflected that 83% of the loans extended are within the assessment area.

The loan distribution to borrowers reflects a satisfactory penetration among individuals of different income levels. Examiner analysis shows 1-4 family mortgage loans are being made to borrowers of varying income levels. Bank data shows a reasonable distribution of loans within the assessment area. The bank extends loans with origination balances of \$1,000 or less and historically these loans are made primarily to low and moderate income individuals. An analysis performed during the examination shows 121 loans with origination balances of \$1,000 or less were made within the previous 6 - 9 months. All

agriculture and small business loans were extended to commercial borrowers with gross revenues below \$1 million.

During this evaluation period, The First National Bank of Santo has not received any consumer complaints regarding CRA performance. Further, based on the fair lending portion of the examination, no violations of the substantive provisions of antidiscrimination laws and regulations were identified.