



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 19, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Graham National Bank
Charter Number 22643**

**455 Elm Street
Graham, Texas 76450**

**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 **Graham National Bank, Graham, Texas**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 19, 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 Graham National Bank reflects good responsiveness to its community credit needs. This is demonstrated by the types of loan products offered, with 61% of gross loans in home mortgages and consumer loans. The loan to deposit ratio is reasonable in comparison to other institutions in Young County. A substantial majority of the loans extended are within the Young County assessment area. The lending pattern reflects a reasonable penetration among individuals of different income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>GRAHAM NATIONAL BANK</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 Graham National Bank (GNB) has one office and three operational ATM's, all located in the city of Graham, Young County, Texas. The bank has total assets of \$74 million with \$39 million in total loans. The primary business focus is consumer lending, with 51% of the loan portfolio centered in automobile related loans, and 33% in real estate loans including home mortgages and agricultural related 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, and Citizens National Bank in Breckenridge.

DESCRIPTION OF YOUNG COUNTY

The Board has designated the City of Graham and Young County as the bank's assessment area. The county has a population of 18 thousand and a median family income of \$23 thousand, according to 1990 census data. There are no low or moderate income block numbering areas (BNA) within the county. The local economy has stabilized and is becoming more diversified. However, the oil and gas business, along with agriculture, is still the underlying base of the economy. Major employers in the area include Graham Magnetics; Remington Apparel; Southern Bleachers; Media Recovery; financial institutions; public school systems and health care. Primary credit needs are housing general consumer, small business, and agricultural loans. Community contacts with local business and civic leaders indicate there are no unmet credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

GNB's lending performance is satisfactory. The bank makes consumer, real estate, small business, and agriculture 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 assessment area. Internal analysis performed by the bank in January, 1997, reflected 72% of the dollar volume of outstanding loans were within the assessment area. Our review supported this conclusion. Of the 42 consumer, 16 residential and home improvement, and 8 small business loans we reviewed, 83% were made to customers residing in the assessment area.

Loan to Deposit Ratio

Within the bank's assessment area, the bank's competition consists of three national banks, one state bank, and two savings banks. GNB's loan-to-deposit ratio, as of December 31, 1996, reflects reasonable performance, at 58%. The ratios of the other lending institutions in the assessment area ranged from 24% to 84%. GNB's loan-to-deposit ratio averaged 59% for the past eight quarters.

Geographic Distribution of Loans

The loan distribution to borrowers reflects a satisfactory penetration among individuals of different income levels. Of the loans sampled within the assessment area, 54% of the consumer and 25% of the residential and home improvement loans were extended to borrowers with low to moderate income levels. The sample of small business loans indicated that 100% of these loans were extended to small business borrowers with gross revenues less than \$1 million. While the bank obtains income information on its loan customers, there is no internal analysis to determine the level of penetration into the different income levels. The results of our random sample determined that there is a reasonable penetration of loans among individuals of different income levels.

Also, GNB makes loans in original amounts less than \$1,000, typically to low or moderate income individuals. While the dollar amount of these loans represents less than 1% of the loan portfolio as of December 31, 1996, these loans number 231 or 7.7% of the total number of loans on the books.

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 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

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

