



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 6, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Texas National Bank of Baytown
Charter Number 16073**

**1900 Decker Drive
Baytown, Texas 77520**

**Comptroller of the Currency
1600 Lincoln Plaza
500 North Akard
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 **Texas National Bank of Baytown** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 6, 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.”**

Texas National Bank of Baytown has extended a substantial level of credit, relative to its size and capacity, to borrowers within its assessment area. Loans have been made to borrowers of different income levels and to businesses of different sizes.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Texas National Bank of Baytown 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:

Texas National Bank of Baytown is located at 1900 Decker Drive in Baytown, Texas. Baytown is a suburb of Houston, Texas with a population of more than sixty-eight thousand people. The city is located in Harris County approximately twenty miles east of Houston, Texas. The bank is independently owned and is located in a Metropolitan Statistical Area (MSA).

The bank does not have any branch locations. There is one ATM at the bank's headquarters. The bank has total assets of \$14 million and a loan portfolio approximating \$4 million as of December 31, 1996. The portfolio consists of real estate loans 77 percent, commercial loans 4 percent, consumer loans 14 percent, and securities loans 5 percent. Total deposits are approximately \$13 million and capital is \$1.581 million. The bank offers a full range of deposit and loan products. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its community.

DESCRIPTION OF ASSESSMENT AREA:(21) *Census Tracts in Baytown, Texas*

The bank's assessment area consists of twenty-one census tracts within Harris County. The census tracts include the city of Baytown, Texas where the bank is located. The assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- and- moderate income geographies. Of the twenty-one census tracts in the assessment area, ten have been identified as middle income tracts and seven as moderate income tracts. The Median Family Income of the assessment area is \$32,321. Moderate income families comprise 27 percent and middle income families comprise 61 percent of the assessment area.

Baytown, Texas is bordered by the Galveston Bay, Cedar Bayou, the San Jacinto River and Houston Ship Channel, and Chambers County. The primary economic bases of the area include chemical manufacturing, petroleum processing, offshore maintenance services, and diversified manufacturing. Major employers in the assessment area include Exxon Company, USA and its subsidiaries, Chevron Chemical Company, Amoco Chemicals, Hi-Port Industries, and EniChem Elastomer.

Competition for banking services is strong. There are three other independent banks in Baytown and several large credit unions. Credit needs in the assessment area are diverse and typical for that of a suburban community. Credit needs are determined through contacts with individuals, churches, and different civic/business groups.

Other activities include customer surveys and involvement by bank employees in community organizations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

The bank lends its available funds at a level which demonstrates a commitment to reinvesting its deposits into loans. We noted that the bank has a significant level of credit extended, relative to the bank's size and scope of operations, especially in light of the low loan demand in the bank's delineated area. Loans have been made to borrowers of different income levels and to businesses of different sizes. The average loan-to-deposit ratio over the past six quarters is 32 percent. This is well within the range of the other independent banks in Baytown. This percentage meets the standards for satisfactory performance when taking into account the lending related activities, bank's size, financial condition and assessment area credit needs. Only 35 percent of the total dollar amount of loans is to borrowers in the assessment area. However, 90 percent of the total number of loans in the loan portfolio are to borrowers inside the assessment area. This percentage meets the standards for satisfactory performance. This is primarily attributable to the poor loan demand in the assessment area which has led to the bank purchasing loan participations from affiliate banks outside of the community. Removal of these loans would reveal that the majority of lending is in the bank's assessment area. The geographic distribution of borrowers' loans reflect reasonable dispersion throughout the assessment area. No low-to-moderate census tracts were arbitrarily excluded. Sixty-eight percent of the dollar amount loans in the assessment area are within moderate and middle income census tracts.

The bank enjoys a broad base of customers and there is no evidence that low- and moderate- income families are being excluded from any banking service. Loan applications are solicited from a cross-section of income levels with a particular emphasis placed on small loan requests. For example, the bank has approved and issued 42 FHA Title I home improvement loans with an average balance of \$4,900.

No complaint letters were noted in the bank's Public File.

For fair lending purposes a comparative analysis was performed on twenty loans using the terms approach. In the sample, approved loans were reviewed between male and female borrowers. The purpose was to assess if terms were different between male and female borrowers. Items reviewed included loan amount, rate, and terms. The review was conducted in conjunction with the issuance of this Public Disclosure.

No violations of substantive provisions of anti-discrimination laws and regulations were identified. The bank's compliance with the Equal Credit Opportunity Act, Fair Housing Act, and Fair Credit Reporting Act is satisfactory.