



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**March 26, 2007**

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

**Bank Texas, National Association  
Charter Number 10646**

**412 East Goode Street  
P.O. Box 1675  
Quitman, TX 75783**

**Comptroller of the Currency  
Longview Field Office  
1800 West Loop 281 Suite 306  
Longview, TX 75604**

**NOTE: This document is an evaluation of this 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. 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.**

## **INSTITUTION'S CRA RATING: This institution is rated “Satisfactory”.**

The Bank Texas, National Association (N.A.) has a satisfactory record of meeting community credit needs. This rating is based on the following:

- The bank's loan-to-deposit ratio is reasonable based on the bank’s performance context and lending opportunities within the assessment area.
- A substantial majority of the bank's loans are extended within its assessment area.
- Credit activity is reasonably distributed to borrowers of different income levels.

## **DESCRIPTION OF INSTITUTION**

Bank Texas, N.A. is a \$151 million bank located at 412 E. Goode Street in Quitman, Texas. The bank is wholly owned by Quitman Bancorporation of Delaware, Inc., with this holding company wholly being owned by Quitman Bancorporation, Inc. The bank also has three branch offices located at 135 N.E. Loop 564, the Wal-Mart SuperCenter in Mineola, Texas; 1825 North Pacific Street in Mineola, Texas; and 2365 S. F.M. 2869, Suite 3, in Hawkins, Texas (Holly Lake Ranch). The bank operates automatic teller machines (ATM) located at each location with one stand alone ATM located in Golden, Texas. As of December 31, 2006, loans totaled \$78.62 million and represented 52% of the bank's total assets. The following chart reflects the distribution of the bank's loan portfolio.

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Residential Real Estate Loans	31,439	39.99%
Commercial Real Estate Loans	28,429	36.16%
Commercial Loans	11,700	14.88%
Consumer Loans	7,052	8.97%
<b>Total</b>	<b>78,620</b>	<b>100.00%</b>

There are no legal impediments or other factors which inhibit the bank's ability to meet the credit needs of the community. The bank was rated “Satisfactory” during the prior CRA Examination dated November 4, 2002.

## **DESCRIPTION OF WOOD COUNTY**

The Board has designated Wood County as its assessment area. This county includes the communities of Mineola, Quitman, Hawkins, Winnsboro, Alba and other small rural

communities. Each of the census tracts in this area have been designated as middle income areas. The assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies.

The following table provides a description of the bank's assessment area based on census data and 2006 Department of Housing and Urban Development (HUD) information.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF WOOD COUNTY</b>	
<i>Population</i>	
Number of Families	10,663
Number of Households	14,578
<i>Geographies</i>	
Number of Census Tracts/BNA	8
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	0.00%
% Middle-Income Census Tracts/BNA	100.00%
% Upper-Income Census Tracts/BNA	0.00%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	36,380
2006 HUD-Adjusted MFI	43,100
<i>Economic Indicators</i>	
Unemployment Rate	4.00%
2000 Median Housing Value	67,536
% of Households Below Poverty Level	14.10%

The bank's designated assessment area has a total population of 36,752. The distribution of families by income level, regardless of census tract location, consists of the following: 16.57% are low income, 17.06% are moderate income, 24.26% are middle income, and 42.11% are upper income. Major employers include Wal-Mart Supercenter, Quitman ISD, Mineola ISD, Wood County, Ozarka Bottling Company, and Brookshire's Grocery. Competition within the assessment area is strong with several banks, financial institutions, and mortgage companies located throughout the assessment area. The local economy is considered stable with an unemployment rate of 4.00%.

Contacts with a local realtor and a local business organization revealed the primary community credit needs for the assessment area include loans for previously owned vehicles and affordable housing. The contacts also stated the local financial institutions offer products that help meet all the credit needs of the communities overall, but, affordable housing stock is needed in the Mineola and Quitman areas.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

The bank's overall lending performance is satisfactory. The bank's loan to deposit ratio is reasonable and a substantial majority of loans are within the bank's assessment area. Additionally, the distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes.

### LOAN-TO-DEPOSIT RATIO

The loan-to-deposit ratio of Bank Texas, N.A. is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's quarterly average loan-to-deposit ratio was 72.42% since the prior CRA examination in November 2002. The bank's loan-to-deposit ratio is 61.98% as of December 31, 2006. The average loan-to-deposit ratio of banks within the assessment area, regardless of size since November 2002 was 57.84%.

Institution	Assets (000s) (as of 12/31/06)	Average LTD Ratio
First National Bank of Mineola	29,000	25.85%
Mineola Community Bank, Mineola	128,000	47.68%
Wood County National Bank, Quitman	58,000	52.02%
Bank Texas, N.A., Quitman	151,000	72.42%
First National Bank, Winnsboro	133,000	91.25%

### LENDING IN ASSESSMENT AREA

A substantial majority of the bank's lending activity is located within its assessment area. We reviewed a sample of 29 residential mortgages, 27 consumer loans, and 27 business loans which originated since November 2002. This sample reflected that approximately 86% of the number of loans and 87% of the dollar amount of loans in our sample were extended within the bank's assessment area. The breakdown by loan category is illustrated in the following table.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Residential	24	82.76	2,023	81.39	5	17.24	462	18.61
Consumer	22	81.48	321	75.60	5	18.52	103	24.40
Business	25	92.59	2,721	94.48	2	7.41	159	5.52
Total Reviewed	71	85.54	5,065	87.49	12	14.46	724	12.51

**LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

The distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes. Bank Texas’ primary product lines are residential, consumer, and business loans. Our sample of loans inside the assessment area included 24 residential loans totaling \$2.02 million; 22 consumer loans totaling \$321 thousand; and 25 business loans totaling \$2.72 million. The distribution of residential, consumer, and business loans generally approximates the income characteristics of the assessment area.

The distribution of residential loans reflects a reasonable distribution among borrowers of different income levels. The distribution of home purchase loans generally approximates the income characteristics of the assessment area. While home purchase loans to moderate-income families are below the demographics of the assessment area, home purchase loans to low-income families are consistent with the percentage by number of low-income families. Borrowing for home purchases by low- to moderate-income families is limited due to the low level of affordable housing stock available in the area.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	16.57		17.06		24.26		42.11	
	% of Number	% of Amount						
	12.50	3.60	4.17	2.28	20.83	14.24	62.50	79.88

The distribution of consumer loans generally approximates the income characteristics of the assessment area. While loans to low-income households are below that of the assessment area demographics, loans to moderate-income borrowers exceed the assessment area demographics.

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	21.20		15.33		19.68		43.79	
	% of Number	% of Amount						
	9.09	3.84	22.73	26.50	27.27	31.42	40.91	38.24

The distribution of loans within the assessment area reflects a reasonable penetration among businesses of different sizes. There is reasonable penetration of small business loans within the assessment area compared to the demographics of Wood County.

<b>BORROWER DISTRIBUTION OF LOANS TO BUSINESSES</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	58.58	2.48	38.94	100%
% of Bank Loans in AA by #	84.00	16.00	0.00	100%
% of Bank Loans in AA by \$	54.6	45.04	0.00	100%

### **Geographic Distribution of Loans**

All census tracts within the bank's assessment area are middle-income geographies. There are no low- or moderate-income geographies. Therefore, we did not complete a review of the bank's geographic distribution of loans.

### **Responses to Complaints**

Management has not received any written complaints related to CRA performance since the prior CRA examination.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.