



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 7, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The National Bank of Texas of Fort Worth
Charter Number 16226**

**2535 Northeast 28th Street
Fort Worth, Texas 76106**

**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 **The National Bank of Texas at Fort Worth**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 7, 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 National Bank of Texas at Fort Worth reflects satisfactory responsiveness to its community credit needs. This is demonstrated by the types of loan products offered, with 70% of total loans in small business and consumer loans. Competition for loans within the assessment area is strong. Despite heavy competition, the bank's loan-to-deposit ratio reflects reasonable performance. In addition, a majority of the loans extended are within the bank's identified assessment area, and 90% of all loans are within Tarrant County. The lending pattern reflects a reasonable penetration among borrowers of all income levels and in all segments of the community.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The National Bank of Texas at Fort Worth</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		X	
Response to Complaints	No complaints were received since the prior examination		

DESCRIPTION OF INSTITUTION

The National Bank of Texas at Fort Worth (NBOT) is owned by Horizon Bancshares, Inc., a one-bank holding company, located approximately five miles North of downtown Fort Worth, Texas. The bank offers only basic banking services, one onsite ATM, and currently has no branch offices. As of December 31, 1996, assets totaled approximately \$54 million, while gross loans totaled just over \$17 million. The bank's focus is on consumer and small business lending: 33% of the loan portfolio is in consumer related loans and 37% of loans are to small business enterprises. Other types of loans made include: commercial real estate - 15% of gross loans; lease financing - 9%; and 1-4 family mortgage and construction loans - 6%.

DESCRIPTION OF ASSESSMENT AREA

NBOT's assessment area is part of the Fort Worth/Arlington Metropolitan Statistical Areas (MSA's). The assessment area includes twenty-nine specific census tracts in Tarrant County. Of the twenty-nine census tracts, two are low income, twenty-one are moderate income, five are middle income and one is upper income. This designation meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. Community contacts with local organizations and civic leaders indicate that the primary credit needs continue to be consumer and small business loans. The contacts also indicated that these needs are generally being met.

The bank's immediate market area is comprised of light manufacturing and service industries. The population of the assessment area is just over 120,000 with 39% being minority. Residents of the area are primarily blue collar workers and the income level for the area is low. The MSA median family income for the assessment area, based on 1990 census information, is \$24,757 while the median family income for Tarrant County is \$37,571. According to the same data, low income families comprise 31% of all families in the area, while another 24% are moderate income families, 23% are middle income families, and 21% are upper income families.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

NBOT's lending performance is satisfactory. The bank makes consumer, small business, and commercial real estate 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 majority of the bank's lending is within the assessment area. Internal analysis performed by the bank in September, 1996, reflected 57% of the dollar volume and 55% of the number of outstanding loans were within the assessment area. According to the same analysis, 90% of all loans were within Tarrant County. A sample of credits supported this conclusion, with 50% of the loans made to customers residing in the assessment area.

Loan to Deposit Ratio

The bank's assessment area includes fourteen branches of large holding company regional and area banks and one state chartered bank. Competition for loans in the area is strong. Despite heavy competition, NBOT's loan-to-deposit ratio of 39% over the past eight quarters reflects reasonable performance. The loan to deposit ratios for area banks range from 24% to 88%.

Geographic Distribution of Loans

The loan distribution to borrowers reflects a satisfactory penetration among individuals of different income levels and throughout all census tracts. Of the loans sampled within the assessment area, 66% of the consumer loans were extended to borrowers with low to moderate income levels. The sample of small business loans indicated that 92% 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 a random sample determined that there is a reasonable penetration of loans among individuals of different income levels.

Also, NBOT makes loans in original amounts less than \$2,500, typically to low or moderate income individuals. Since January 1, 1996, the bank has made 307 loans under \$2,500, totaling \$437,000. 67% of the bank's total number of loans are installment loans.

In addition to the above types of credit, the bank is an active small business lender. As of December 31, 1996, small business loans totaled 37% of the outstanding portfolio.

Response to Substantiated Complaints

NBOT has received no complaints concerning its performance in meeting assessment area credit needs.