



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

October 30, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Independent National Bank

Charter Number 23477

**8901 Independence Parkway
Plano, Texas 75025**

Comptroller of the Currency

**Dallas North Field Office
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 First Independent National Bank, Plano, Texas as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of October 30, 2000. 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 following factors support this overall rating:

- The bank's quarterly average loan to deposit ratio meets the standards for satisfactory performance given its size, financial condition, and assessment area credit needs.
- The bank originated a substantial majority of business loans sampled during this examination within the bank's assessment area.
- The bank's lending performance reflects a reasonable distribution of credit to businesses of different sizes and borrowers of different income levels.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION

First Independent National Bank (FINB) opened for business on September 3, 1998. The bank had \$28 million in total assets as of June 30, 2000. The bank services the following communities: Collin, Dallas, and Denton Counties, Texas. As of October 30, 2000, the bank has only one office and an ATM located at 8901 Independence Parkway in Plano, Texas. At this location, the bank has drive-up facilities that provide extended weekday and Saturday hours.

Since inception, FINB's lending focus has been towards commercial and real estate lending. Most of the loans originate from business connections of board members as well as management. FINB's main competition consists of branches of larger multi-national banks, state banks, and also area credit unions. The bank does not have any financial or legal obstacles affecting its ability to meet its community's credit needs. The following table portrays the principle loan mix of FINB:

TYPES OF DOMESTIC LOANS OUTSTANDING		
JUNE 30, 2000		
(\$000's)		
<i>TYPE OF LOANS</i>	<i>AMOUNT</i>	<i>PERCENTAGE</i>
Commercial Loans, including real estate	\$ 5,644	42%
Construction & Land Development	\$ 5,297	39%
1-4 Family Residential Loans	\$ 1,719	13%
Lease financing receivables	\$ 379	3%
Installment	\$ 374	3%
Secured by Real Estate	\$ 18	<1%
TOTAL	\$13,431	100%

DESCRIPTION OF ASSESSMENT AREA

Originally, FINB had defined its assessment area as 21 census tracts within a five-mile radius of the bank. During our analysis, we determined that the assessment area did not contain all of the areas associated with the bank's lending pattern. As a result, we asked bank management to revise the assessment area so that it would more reflect of FINB's lending pattern.

The Board and bank management adjusted its assessment area to include 331 census tracts located in Collin County, Dallas County (north of Interstate 30), and Denton County (south of Highway 380 and east of Interstate 35). All of these areas are within the Dallas MSA #1920 and meet regulatory guidelines and do not arbitrarily exclude any low- or moderate-income areas.

The following table reflects the demographics for the assessment area.

ASSESSMENT AREA DEMOGRAPHICS			
Designation	<i># Census Tracts</i>	<i>% of Total Census Tracts</i>	<i>% of Families By Income Level of Census Tracts</i>
Low-income	24	7%	4%
Moderate-income	54	16%	13%
Middle-income	111	34%	39%
Upper-income	135	41%	44%
NA	7	2%	0%
TOTAL	331	100%	100%

More than 1.5 million residents populate the assessment area. Based on the updated HUD-2000 Census information, the median family income is \$58,200. The median housing value for the bank's assessment area is \$106,727, with the median age of housing stock at 28 years. The total occupied housing units for the assessment area is at 90%, with owner-occupied housing at 46% and rental-occupied housing at 44%. Vacant housing units in the assessment area are at 10%.

Unemployment rates have remained low and steady over the past two years at approximately 3%. The largest industries in the assessment area are homebuilders and retail trade. The largest employer's in the bank's market area are the following: EDS, Frito-Lay, J.C. Penney, DFW International Airport, Texas Instruments, GTE, and the Plano I.S.D.

We determined the credit needs of the community through discussions with management and community contacts. Management stated that the community credit needs are small- to mid-sized business loans. The community contacts stated that area financial institutions are meeting community credit needs. In addition, a member of the Plano Housing Authority stated that there is a need for a program that provides low-interest home purchase and home improvement loans made to low-income borrowers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

A majority of FINB's loan portfolio is in commercial loans and construction and land development loans. For this analysis, we will combine commercial loans, which includes commercial real estate loans, and construction loans made to homebuilders into one product - commercial loans.

Loan to Deposit Analysis

Given FINB's size, financial condition, and assessment area credit needs, the bank meets the standard for satisfactory performance. The bank has been in operation for the past eight quarters. Its eight-quarter average loan-to-deposit (LTD) ratio is 52%.

We compared FINB's quarterly average LTD ratio to other institutions that opened for business within the same year. Within the Dallas MSA, two financial institutions opened in 1998. Information for these financial institutions are detailed in the following table:

	Date opened	Total Assets (000's) 06/30/2000	Quarterly Average LTD Ratio (eight quarters)
Banks within the Dallas MSA:			
First Mercantile Bank, N.A., Dallas, TX	01/29/98	\$125,912	72%
United Community Bank, Highland Village, TX	05/27/98	\$31,241	54%

FINB's quarterly average of 52% is comparable to United Community Bank; however, the ratio seems low when compared to First Mercantile Bank, N.A. The reason for the disparity between FINB and First Mercantile Bank, N.A. is because First Mercantile Bank, N.A. is in a different market of the Dallas MSA and is not similarly situated. Regardless, FINB's LTD ratio has steadily increased and as of September 30, 2000, the LTD ratio was at 60%.

LENDING IN ASSESSMENT AREA

Based on our review of FINB's lending patterns, the bank exceeds the standards of satisfactory performance. We reviewed 40 commercial loans. Of the commercial loans sampled 93% were within the assessment area totaling \$11.1 million or 94%.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES

Borrowers of Different Incomes

FINB does not have an adequate loan portfolio size for residential and consumer loans to perform a meaningful analysis of lending to borrowers of different income levels.

Businesses of Different Sizes

FINB's lending to businesses of different sizes is adequate. Sixty-nine percent of the businesses in the bank's assessment area have revenues of less than \$1.0 million. We reviewed a sample of 40 commercial loans originated by the bank.

FINB has originated 37 commercial loans made in its assessment area. Of the sample reviewed, 26 or 70% were made to businesses with revenues of less than \$1.0 million. The total dollar volume of these loans is \$7.3 million or 66% of the sample size.

GEOGRAPHIC DISTRIBUTION OF LOANS

Based on competitive factors and the size and location of the bank, FINB has a reasonable distribution of loans in its assessment area. As stated earlier, we included all of Collin, and portions of Dallas and Denton Counties in our analysis of FINB's performance. The following table illustrates the geographic distribution of the bank's lending within the assessment area (AA).

COMMERCIAL LOANS					
Census Tract	# of loans	% of # of loans	\$ of loans	% of \$ of loans	% of all Businesses within the AA
Low-income	1	4%	\$79	1%	3%
Moderate-income	2	8%	\$360	5%	23%
Middle-income	4	15%	\$990	14%	32%
Upper-income	19	73%	\$5,862	80%	39%
NA	0	0%	0	0%	3%
Total	26	100%	\$7,291	100%	100%

The lending patterns to moderate-income census tracts seem low in comparison to the percentage of businesses within the assessment. This is mitigated by the fact that the bank has only one location, which is in Collin County. Collin County consists mostly of middle- and upper-income census tracts.

RESPONSE TO COMPLAINTS

FINB has not received any complaints during this evaluation period.

RECORD OF COMPLIANCE WITH ANTIDISCRIMINATION LAWS

An analysis of two years public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. The analysis of the information revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year.