



PUBLIC DISCLOSURE

June 30, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Mauriceville National Bank
Charter Number 20548**

**Highway 12 & Johnson Street
Mauriceville, Texas 77626**

**Office of the Comptroller of the Currency
Houston East Duty Station
1301 McKinney Street, Suite 3750
Houston, Texas 77010**

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 **Mauriceville National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 30, 1998. 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**.

Mauriceville National Bank is responsive to its community's credit needs including low-and moderate-income individuals and areas based on the following:

The bank's loan-to-deposit ratio has averaged sixty-nine percent (69%) since the last evaluation. This ratio is good given the bank's size, financial condition, and credit needs of the assessment area.

A majority of the bank's loans are made within the bank's assessment area which encompasses all of Newton County and a large portion of Orange County.

The geographic distribution of loans reflect reasonable dispersion throughout the bank's assessment area.

An above average number of loans are granted to low- and moderate-income individuals and a good percentage to businesses of different sizes.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Mauriceville 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		X	
Response to Complaints	There were no complaints filed during the evaluation period.		

DESCRIPTION OF INSTITUTION

Chartered in 1986, Mauriceville National Bank is a \$23 million institution located in Mauriceville, Texas. It is an independent bank with three locations. The main office is located in the town of Mauriceville. The McLewis branch is located approximately ten miles to the south and is on the edge of Orange city limits. Both of these branches are located in Orange County. The other branch is located approximately 50 miles north of Mauriceville in the town of Newton, in the adjacent county of Newton.

Mauriceville National Bank has sixty-percent (60%) of its assets in loans. Below is a table depicting the breakdown of the bank's loan portfolio as of June 30, 1998.

LOAN PORTFOLIO BREAKDOWN by CATEGORY (in thousands)	
Secured by Real Estate	\$ 4,933
Commercial Loans	2,019
Consumer Loans	7,333
TOTAL	\$14,289

There are no legal impediments that prohibit the bank from serving its community. The last CRA examination of the bank was March 30, 1995, and the bank had a satisfactory rating.

DESCRIPTION OF *ORANGE AND NEWTON COUNTIES*

The bank has defined their assessment area to include the greater portion of Orange County and all of Newton County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Orange County is one of the three counties that comprise the Beaumont-Port Arthur Metropolitan Statistical Area (MSA). This region is commonly referred to as the "Golden Triangle," a reference to prosperity associated with the oil industry. The industrial and manufacturing industries in Orange County make up almost one-third of its residents' personal income. E.I.Dupont is the largest employer with over 2,500 employees. The 1996 population of Orange County was estimated at 82 thousand residents.

The City of Orange, with a 1996 estimated population of 24 thousand, is the county seat and is the county's largest geographic city, encompassing approximately 21 square miles of land area. The greater Orange area includes the neighboring cities of Pinehurst and West Orange and the unincorporated areas of Little Cypress and Mauriceville. Orange County is comprised of 22 census tracts of which none are designated as low-income, three are moderate-income, thirteen are middle-income, five are upper-income and one is not designated. The bank's assessment area includes all of the census tracts of Orange County except one upper-income and one middle-income tract. Both are located in the most southern portion of the county. Using information from the 1990 U.S. Census, the 1998 updated median family income of the bank's assessment area in Orange County is \$41,500. The area does not lend itself to a breakdown of income levels by geographies.

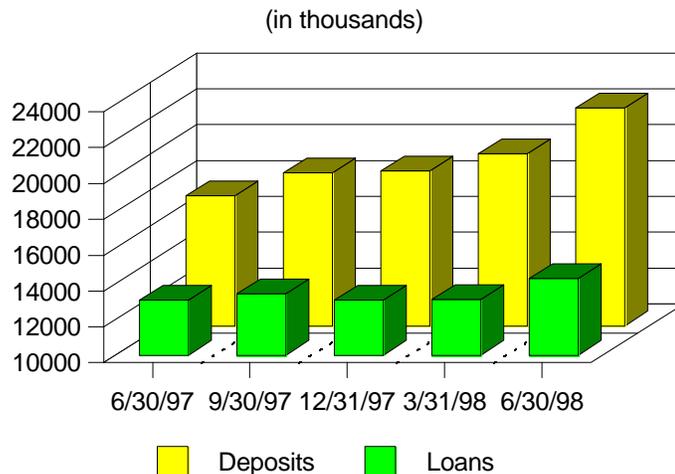
Newton County is comprised of four census tracts of which one is designated as moderate-income and three are middle-income. The 1996 estimated population of the county is 14 thousand. The major employers in Newton County are Louisiana Pacific Plywood Plant with 400 employees and the Newton Independent School District with 287 employees. Using information from the 1990 U.S. Census, the 1998 updated median family income of Newton County is \$32,100. The area does not lend itself to a breakdown of income by geographies. The bank's assessment area is reasonable given the size and location of the bank.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

Since the last CRA evaluation dated March 31, 1995, the bank's loan-to-deposit ratio has averaged sixty-nine percent (69%). The bank opened the McLewis Branch in October of 1997 and the Newton Branch in April of 1998. These two new branch openings within the past year have increased deposits at a faster rate than loans as shown by the table.

Loan to Deposit Growth



Deposits have grown by 28% while loans have grown by 9%. Based on the above information, the bank's average loan-to-deposit ratio meets the standards for satisfactory performance.

Lending in the Assessment Area

Mauriceville National Bank extends a majority of its loans within its assessment area. The bank tracks loans made inside and outside of its assessment area by zip code. As of June 30, 1998, the bank had a total of nearly 2 thousand loans on its books. Of this number, seventy-percent (70%) were originated within the bank's assessment area. Of the total dollar balance of \$14 million, \$9.4 million or seventy-percent (70%) also originated within the assessment area. Of the sample of 90 loans reviewed to ascertain geographic distribution, seventy-three percent (73%) were originated within the bank's assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The bank is not a Home Mortgage Disclosure Act (HMDA) reporter. Therefore, a sample of loans was chosen in order to evaluate the bank's geographic distribution of loans and record of lending to borrowers of different income levels and businesses of different sizes. The sample was taken from loans reviewed for fair lending as well as a sample of small business loans.

Newton County Loan Sample by Income Level			
Number Originated	Income Level of borrower	Percentage of sample	County Demographics
15	Low Income	43%	29%
10	Moderate Income	30%	20%
6	Middle Income	17%	22%
4	Upper Income	10%	29%
35		100%	100%

Since the bank has two separate assessment areas, 35 loans originated in Newton County were chosen to assess this criteria. The results of the above sample indicate that the bank is lending to borrowers of different income levels with an above average lending pattern to low- and moderate-income borrowers.

To assess lending to businesses of various sizes, 36 loans were reviewed. Of this number, 22 originated to small business with less than \$1 million in annual gross revenues. This equates to a lending level of seventy-nine percent (79%) which reflects the bank's assessment area demographics. According to 1990 U.S. Census data, seventy-nine percent (79%) of businesses located in Orange County and seventy-seven percent (77%) of businesses in Newton County are small businesses.

Geographic Distribution of Loans

An assessment of geographic distribution of loans by census tracts could not be determined. However, based on the sample of 90 loans reviewed, it was ascertained through zip code analysis that loan originations are dispersed throughout the bank's assessment area including low- and moderate-income areas. Based on this dispersement and the bank's level of lending to borrowers of different income levels, this criteria is judged as satisfactory.

Responses to Complaints

There have been no complaints filed concerning the bank's CRA performance during this evaluation period. Further, no violations of anti-discrimination laws and regulations were identified.