



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 23, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank
Charter Number 20416**

**6002 Southwest Blvd.
Fort Worth, Texas 76121**

**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 Citizens National Bank, Fort Worth, Texas prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of March 23, 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.

The lending performance of Citizens National Bank reflects satisfactory responsiveness to the credit needs of the community served. This assessment is based on the following:

- ▶ The loan-to-deposit ratio is reasonable and exceeds the ratios of most banks within the assessment area.
- ▶ Most of the bank's loans are made within the assessment area.
- ▶ The distribution of loans reasonably penetrates the different income levels.
- ▶ Lending patterns are reasonably distributed throughout the assessment area.
- ▶ The bank has received no complaints regarding CRA efforts.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Citizens National Bank PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	✘		
Lending in Assessment Area		✘	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		✘	
Geographic Distribution of Loans		✘	
Response to Complaints	No complaints filed since last examination.		

DESCRIPTION OF INSTITUTION

Citizens National Bank (CNB) is a locally owned and managed community bank with total assets of \$63 million as of December 31, 1997. It is a subsidiary of Bryant Irvin Bancshares, a one bank holding company, which is locally owned and managed. The bank has no other bank-related affiliates. The bank offers a variety of credit products including consumer, real estate, commercial, Small Business Association (SBA), and United States Department of Agriculture (USDA) business and industrial credits. The bank also offers typical deposit accounts such as checking, savings, NOW, money market, and other time accounts. CNB also offers ease of banking through a locally placed ATM. CNB's financial condition does not inhibit its ability to meet credit needs in its assessment area. Additionally, the bank has no legal impediments that would inhibit its ability to meet community credit needs.

CNB's asset mix consists of 63 percent loans and 18 percent investment securities. The loan portfolio is comprised of one to four family real estate loans (35 percent), commercial and commercial real estate loans (44 percent), real estate construction and development loans (8 percent), and loans to individuals (13 percent). The bank actively participates in the SBA guaranteed loan program, and has originated 167 SBA loans totaling just under \$50 million. The bank originated 60 SBA loans in 1997 alone. Once funded, the guaranteed portion of SBA loans are typically sold into the secondary market making more funds available for lending. The bank also originated 3 USDA loans in 1997 totaling \$965 thousand.

DESCRIPTION OF THE ASSESSMENT AREA

The assessment area is currently defined as Tarrant, Parker, and Johnson counties which are part of the Fort Worth/Arlington Metropolitan Statistical Area. Income levels of the census tracts in the three counties is as follows:

	<i>Number Of Tracts</i>	<i>Percent</i>
Low Income	28	10
Moderate Income	70	24
Middle Income	109	37
Upper Income	85	29

1990 US Census Bureau data.

The low and moderate income census tracts are located primarily to the north and east of the bank near the center of Tarrant County. Community contacts with local civic and business leaders indicated there are no unmet credit needs in the assessment area.

Primary employers in the area are hi-tech and defense manufacturers, airlines, state, local, and national governments, and various service industries. The population in the assessment area totals 1,332,053 and contains a large minority contingency. The racial mix is as follows:

	<i>Number</i>	<i>Percent</i>
White	1,007,579	76
Black	142,023	11
Hispanic	146,143	11
Asian	29,278	2
Other	7,030	0

1990 US Census Bureau data

The economy of the area includes hi-tech and defense manufacturing, major airline companies, construction, wholesale distribution, and various service industries including medical, financial, government, and retail. Competition is active and includes branches of regional and independent banks. The median family income is \$50,400. Unemployed labor is low at 4 percent.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

CNB’s loan-to-deposit (LTD) ratio is high and compares favorably to the many other banks in Tarrant, Parker, and Johnson counties. As of December 31, 1997, CNB’s LTD ratio was 69 percent with a quarterly average for the past 2 years of 72 percent. This is well above the LTD ratios of the majority of the other banks in the three counties, which range from a high of 80 percent to a low of 24 percent. Of the 38 state and national banks in the three county assessment area, CNB’s LTD ratio was the fifth highest. Competition for loans is strong within the assessment area and other surrounding areas.

Lending Within the Assessment Area

The majority of loans are made within the assessment area. As of March 20, 1998, the bank's loan portfolio totaled \$38 million, and 74 percent of the total were within the assessment area.

Loan Distribution to the Various Income Levels

The bank demonstrates good lending performance in the distribution to the different income levels. Borrowers' income is not an item that is tracked by management. To assess this factor we reviewed a sample of loan files to accumulate sufficient information to reach conclusions.

The bank's efforts to meet the credit needs of low and moderate income consumer borrowers are good. Our sample of consumer loans included 19 percent to low income individuals, 24 percent to moderate income individuals, 24 percent to middle income individuals, and 33 percent to upper income individuals. This is largely the result of the bank's willingness to make small dollar loans, many of which may not be profitable. The bank has no minimum loan amount and recognizes the need for this type of credit. This need is particularly acute given the high level of low and moderate income families within the assessment area. We found many small dollar loans were generally made to low and moderate income borrowers who cannot qualify for credit card loans.

Consumer real estate loans reflect a little different distribution, with 4 percent of these loans originated in 1997 attributed to low and moderate income borrowers. While the income levels on the majority of these loans fall in the middle or upper income categories, these numbers are somewhat misleading. In a majority of instances, there was a borrower and co-borrower. Both the borrower and co-borrower were employed and were contributing to the overall income noted in the applications. Individually, the incomes would often fall into the low and/or moderate income categories. However, when combined, the resulting income was classified as middle or upper income.

We also sampled small business loans. We found that 43 percent of the loans in our sample were made to small businesses with annual revenues of \$1 million or less. These results indicate the bank is making appropriate efforts to assist the small business community.

Geographic Distribution

A geographic distribution of 43 percent of the bank's loans was prepared during our examination. This analysis revealed a reasonable distribution of loans throughout the assessment area:

<i>Census Tract Income Level</i>	<i>Number of Tracts</i>	<i>Percent of Total</i>	<i>Percent with Bank Loans</i>
Low	28	10	54
Moderate	70	24	36
Middle	109	37	23
Upper	85	29	24

The data clearly reflects the bank's willingness to extend credit throughout the assessment area, including low and moderate income census tracts.

Response to Complaints

The bank has received no complaints since the previous CRA examination.

Fair Lending

We performed a fair lending examination at the same time as our review of CRA. We noted no instance of discrimination or disparate treatment of borrowers from this review. We also noted the bank to be in compliance with antidiscrimination laws.