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Comptroller of the Currency  
Administrator of National Banks

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**SMALL BANK**

500 N. Akard  
1600 Lincoln Plaza  
Dallas, Texas 75201-3394

## **PUBLIC DISCLOSURE**

July 07, 1998

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank of Texas  
Decatur, Texas  
Charter Number 13623  
306 West Main Street  
Decatur, Texas 76234**

**Office of the Comptroller of the Currency  
Southwestern District  
500 North Akard  
1600 Lincoln Plaza  
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 CRA performance of **First National Bank of Texas, Decatur, Texas**, (FNBT) prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 07, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

**Institution's CRA Rating:** This institution is rated "**Satisfactory**"

FNBT has been doing business in Wise County since 1883. During this time period a large loan and deposit base was established. During 1990 FNBT expanded into Tarrant County. There are currently four branches serving mostly the southern portions of Tarrant County. A branch in North Richland Hills, the only branch in the northern sector of the county, was opened in 1997. As of this examination, FNBT has more outstanding loans originated at branches located in Tarrant County than in Wise County. The majority of consumer lending remains in Wise County. The distribution of residential and consumer loans in Tarrant County shows virtually no disbursement in low and moderate income areas. Consumer and residential loans are not heavily concentrated in census tracts surrounding the branches. The majority of bank lending has been for development of residential subdivisions in all portions of Tarrant County. Banking facilities are accessible with the hours reasonable to serve the needs of only a small portion of the assessment area.

The following table indicates the performance level of **First National Bank of Texas, Decatur, Texas**, with respect to each of the five performance criteria.

<b>Small Institution Assessment Criteria</b>	<b>First National Bank of Texas Performance Levels</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does Not Meet Standards for Satisfactory Performance</b>
<b>Loan-to-deposit ratio</b>	<b>X</b>		
<b>Lending in assessment area</b>		<b>X</b>	
<b>Lending to borrowers of different incomes and to businesses of different sizes</b>		<b>X</b>	
<b>Geographic distribution of loans</b>			<b>X</b>
<b>Response to complaints</b>	<b>No complaints were received since the prior examination</b>		

## Description of Institution

First National Bank of Texas (FNBT) was chartered in 1883 and is a \$271 million full-service financial institution. FNBT is owned by stockholders with majority ownership (28%) by the Burton family. In the previous Community Reinvestment Act Public Evaluation dated, September 30, 1995, FNBT was rated **SATISFACTORY**.

FNBT has seven locations which are located in Wise (3) and Tarrant (4) Counties. All three branches in Wise County are in Decatur, Texas. The main office is located at 306 West Main; The SouthBank office, which opened in June of 1986, is located at 1409 South Farm Road 51, and the Wal-Mart SuperCenter branch, which opened in April of 1995, is located on South Farm Road 51.

### Banking Hours (Wise County)

Branch	Lobby Hours	Drive-up Hours	ATM
<b>Main Office</b>	Monday thru Thursday 9:00am-3:00pm Friday 9:00am-6:00pm Saturday 9:00am-12:00pm	None	No
<b>SouthBank</b>	Monday thru Thursday 9:00am-3:00pm Friday 9:00am-6:00pm Saturday 9:00am-12:00pm	Saturday 9:00am-12:00pm	Yes
<b>Wal-Mart</b>	Monday thru Thursday 10:00am to 8:00pm Saturday 10:00am-6:00pm Sunday 1:00pm -5:00pm	None	No

There are four branches located in Tarrant County. The Hulen branch opened in June of 1990 and is located at 7300 South Hulen Street in Fort Worth, Texas. The Eastchase branch opened June of 1995 and is located at 1701 Eastchase Parkway in Arlington, Texas. The Benbrook branch opened September of 1993 and is located at 851 Winscott Street in Benbrook, Texas. FNBT's newest location is the North Richland Hills branch, which opened in March of 1997, and is located at 6851 North East Loop 820, in North Richland Hills, Texas.

A mortgage loan division was started in May of 1994, and a small business lending division was started in April of 1996. Both divisions are located at the Benbrook branch. All of FNBT's single family residential loans are processed through the mortgage division. Approximately 70% of mortgage loans originated are sold to the secondary markets. As of this examination, there are 64 loans partially guaranteed by the Small Business Administration. Outstanding balances of the guaranteed loans is \$10.6 million.

**Banking Hours (Tarrant Count)**

<b>Branch</b>	<b>Lobby Hours</b>	<b>Drive-up</b>	<b>ATM</b>
Hulen	Monday thru Thursday 9:00am-3:00pm Friday 9:00am-6:00pm Saturday 9:00am-12:00pm	Monday thru Thursday 7:30am- 6:00pm Saturday 9:00am - 12:00pm	Yes
Eastchase	Monday thru Thursday 9:00am-3:00pm Friday 9:00am-6:00pm Saturday 9:00am-12:00pm	Monday thru Thursday 7:30am- 6:00pm Saturday 9:00am - 12:00pm	Yes
Benbrook	Monday thru Thursday 9:00am-3:00pm Friday 9:00am-6:00pm Saturday 9:00am-12:00pm	Monday thru Thursday 7:30am- 6:00pm Saturday 9:00am - 12:00pm	Yes
North Richland Hills	Monday thru Thursday 9:00am-3:00pm Friday 9:00am-6:00pm	Monday thru Thursday 7:30am- 6:00pm Saturday 9:00am - 12:00pm	No

## **Description of Assessment Area**

FNBT's assessment area is all block numbering areas located in Wise County and all census tracts located in Tarrant County. Wise County is not part of a Metropolitan Statistical Area (MSA). Tarrant County is part of the Fort Worth MSA. Decatur is the largest city in Wise County as well as the county seat. Other cities located within Wise County include Alvord, Boyd, Bridgeport, Chico, Newark, Paradise and Rhome. Wise County has a population of approximately 32,650 based on the 1990 United States census. Decatur's population is approximately 4,650. Decatur is located approximately 40 miles northwest of Fort Worth and 60 miles northwest of Dallas. Decatur has historically been a farm and ranching community. However, in recent years it has been evolving into a bedroom community for residents commuting to the Dallas/Fort Worth area for employment. Financial institutions in Decatur include a branch of a national bank and two savings and loans. There are other banking institutions including state banks located in Wise County.

Tarrant County is the second fastest growing county in the 16-county North Central Texas region. The county covers approximately 1,413 square miles with a population of 1,187,835 as of the 1990 census. Cities within Tarrant County include Arlington, Azle, Bedford, Benbrook, Colleyville, Crowley, Euless, Everman, Fort Worth, Grapevine, Haltom City, Hurst, Keller, Kennedale, Lake Worth, Mansfield, North Richland Hills, Richland Hills, Southlake, and Watauga. Fort Worth is the largest city in Tarrant County and encompasses 300 square miles. The population of Fort Worth was approximately 484,500 as of the 1990 census. Arlington, the fastest growing community in Tarrant County, is home to approximately 290,000 people.

Tarrant County has a diverse employment base with a concentration of high-tech companies. Major employers are Bell Helicopter, Lockheed/Martin, Southwestern Bell, the Joint Reserve Base at Carswell Air Force Base, Fort Worth Independent School District, and American Airlines.

The weighted average income for the combined Non-MSA of Wise County and MSA of Tarrant County is \$51,566. The income information is based on the 1996 Housing and Urban Development (HUD) statistics. FNBT's assessment areas do not arbitrarily exclude low-or-moderate income census tracts. The assessment areas meet the requirements established by the Community Reinvestment Act.

**Source: 1990 Census Bureau Statistics**

Block Characteristics	# of Tracts	% of Total Tracts	# of Households	% of Total Households
Low	28	10%	21,840	5%
Moderate	66	24%	110,028	24%
Middle	95	35%	172,208	38%
Upper	86	31%	147,438	33%
Totals	275	100%	451,514	100%

The block numbering areas (BNAs) located in Wise County are equally divided between middle and upper income BNAs. There are no low income tracts near the branches located in Tarrant County.

The chart below illustrates the income of households within the BNAs:

**Source: 1990 Census Bureau Statistics**

Census Tract/Block Characteristics	Low Income Households	Moderate Income Households	Middle Income Households	Upper Income Households
Low	13,086	3,988	2,719	2,044
Moderate	37,167	25,262	24,437	23,172
Middle	33,098	30,773	39,832	68,487
Upper	13,505	15,967	25,536	92,429
Totals	96,856 21%	75,990 17%	92,524 20%	186,132 42%

Approximately 21% of all households are low income. The population of moderate income households adds an additional 17%. Low and moderate income households are disbursed in all census tracts and block numbering areas in the assessment area.

## Conclusions with Respect to Performance Criteria

FNBT's average loan-to-deposit ratio exceeds the standards for satisfactory performance when compared to other national and state chartered banks in the assessment area. FNBT has an average loan-to-deposit ratio of 71.1% for the previous thirteen quarters ending 3/31/98. The quarterly average loan-to-deposit ratio for other banks in the assessment area ranges from a low of 23.6% to a high of 73.0%. The average loan-to-deposit ratio for the nineteen banks selected for the comparison is 55.5%.

FNBT's performance meets the standards for satisfactory performance in lending in the assessment area. The majority of loans originated during 1996 and 1997 are within the assessment area. A sample of 241 mortgage loans showed 87% are within the assessment area. A sample of 110 consumer loans indicated 81% are within the assessment area. A sample of 41 commercial loans indicated 88% are to businesses located in the assessment area.

Performance meets the standards for satisfactory performance in lending to borrowers and businesses of different income levels. We sampled 206 mortgage loans and 76 consumer loans originated in the assessment area. Mortgage loans to low income borrowers secured by one-to-four family dwellings totaled 15% of the number of loans sampled. Mortgage loans to moderate income borrowers totaled 18% of the number of loans sampled. The sample of consumer loans indicated 45% were to low income borrowers and 21% were to moderate income borrowers. This level of lending is commensurate with the population of low and moderate income households in the assessment area.

Lending to small business also meets the standards for satisfactory performance. Small businesses are defined by the CRA regulations as a business with annual gross revenues of \$1 million dollars or less. Approximately 51% of all commercial loans reviewed are to small businesses.

### Source: Commercial Loan Sample

Distribution of Commercial Loans By Gross Revenues January 1996- December 1997				
	Number of Loans	Percentage of Total Number	Total Dollars	Percentage of Total Dollars
Gross revenues less than \$1 million	21	51%	12,329	40%
Gross revenues greater than \$1 million	20	49%	18,586	60%
Totals	41	100%	30,915	100%

FNBT does not meet the standards for satisfactory performance in the geographic distribution of loans in the assessment area. Of the 275 census tracts and block numbering areas in the assessment area, no loans were originated in 239 tracts or 89% during 1996. Likewise, there were 224 tracts or 83% with no activity during 1997.

FNBT is not expected to originate loans in all segments of the assessment area given the limited number of branches and the large area covered by the assessment area. However, it is expected that lending would occur in census tracts nearest to branch locations. There are 40 census tracts in Tarrant County that were considered near the branch locations. Results of lending in these tracts were similar to that of lending in census tracts of the entire assessment area noted above.

During 1996 there were 62% (25 of the 40) of the census tracts near the branches without residential loan originations. During 1997 there were 85% (34 of the 40) without residential loan origination. In the sample of consumer loans there were 27 census tracts or 68% of the tracts with no lending activity.

There were no formal complaints pertaining to the Community Reinvestment Act received during the review period. Community contacts from the OCC and other federal banking regulators were utilized during this examination.

A review of compliance with the Equal Credit Opportunity Act, Fair Housing Act and Home Mortgage Disclosure Act was conducted concurrently with this examination. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified. FNBT has a good record of complying with anti-discrimination laws and regulations.