

## **PUBLIC DISCLOSURE**

December 7, 1998

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Western National Bank  
Charter Number 15372**

**Post Office Box 7367  
Amarillo, Texas 79114**

**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 Community Reinvestment Act (CRA) performance of the **Western National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 7, 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.

The Western National Bank (WNB) demonstrates satisfactory performance under the CRA. The following factors support this evaluation:

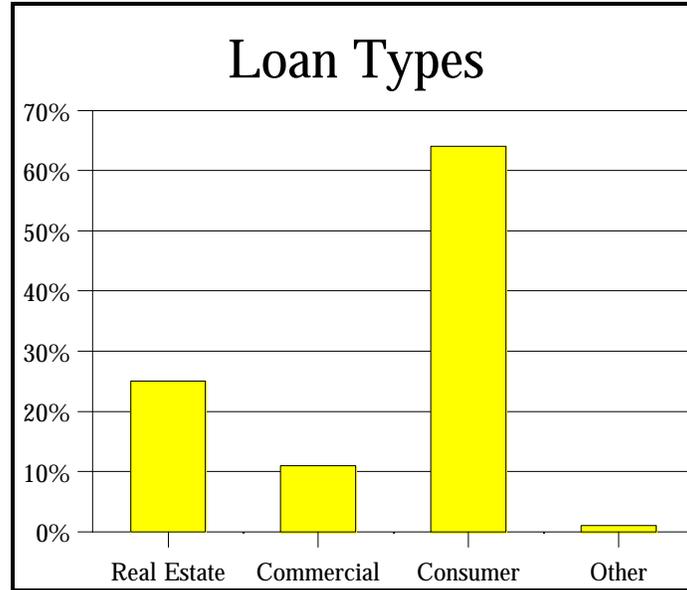
- The bank's average loan-to-deposit ratio of 51% is reasonable given the size of the bank and the needs of the local economy.
- A substantial majority of the bank's loans, 86% in dollar volume and 87% by number of loans, are made to borrowers within the assessment area.
- WNB makes loans to individuals with different income levels. The levels of lending across these income and revenue levels is reasonable given the economic conditions in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- No complaints have been filed regarding WNB's performance under the CRA.

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

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b>Western National Bank 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>
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 have been received since the last examination.		

## DESCRIPTION OF INSTITUTION

Western National Bank (WNB), operates a full service banking facility in the city of Amarillo, Texas. WNB is a wholly-owned subsidiary of Amarillo Western Bancshares, Inc., a single bank holding company headquartered in Amarillo. WNB reported total assets of \$30 million on September 30, 1998. Gross loans were reported at \$15 million, with a loan-to-deposit ratio of 51%. The bank is predominantly retail oriented, with the majority of loans for consumer purpose. The following graphic depicts the bank's loan portfolio by loan type.



**Figure 1**

As illustrated by Figure 1, the majority of the bank's loans are concentrated in individual consumer loans. The bank's financial condition is favorable and there are no legal impediments that interfere with its ability to make credit available in the assessment area.

## DESCRIPTION OF MSA 320

The Board of Directors has designated the Metropolitan Statistical Area (MSA) 320 as the bank's assessment area. MSA 320 includes the cities of Amarillo and Canyon, Texas, located in the panhandle of Texas. The 1990 census reflects a MSA population of 187,547 persons. The assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies.

Racial and Ethnic Composition

The racial and ethnic population distribution is illustrated in the following table:

White	Hispanic	Black	Asian/Pacific Islander	American Indian
79%	13%	5%	2%	1%

The AA minority population is approximately 21%. Eight census tracts in the MSA contain a high proportion of minority residents. These are census tracts where minorities represent in excess of 50% of the population within the census tract.

Income Characteristics

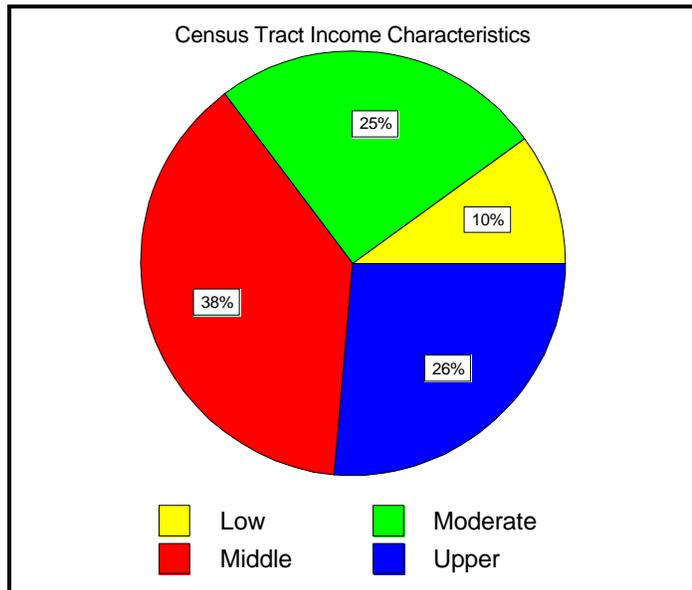
Low-income families are those earning less than 50% of the MSA median family income, moderate-income families are those earning 50-79% of the MSA median family income, middle-income families are those earning 80%-119% of the MSA median family income, and upper-income families are those earning greater than 120% of the MSA median family income.

Based on 1990 census data, the median family income for MSA 320 is \$30,688. The MSA consists of 68 census tracts. Figure 2 depicts the income level of the census tracts within the MSA.

Five percent of total households in the MSA are considered low-income, 21% are considered moderate-income, 46% are considered middle-income, and 28% are considered upper-income.

Competition

The Amarillo MSA is currently served by several national and state bank institutions, federal savings banks, savings and loan associations, credit unions, and non-bank creditors.



**Figure 2**

Credit Needs within the Assessment Area

Credit needs in the assessment area include farm operations, small business, residential real estate, and consumer.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

Loan-to-Deposit Ratio

The loan-to-deposit ratio (L/D) is considered reasonable given the bank's size, financial condition, capacity to lend, and assessment area credit needs. The ratio has averaged 51% for the 15 quarters since the July 1995 evaluation. During this period, the bank's L/D ratio has ranged from a low of 46% on December 31, 1997 to a high of 56% on June 30, 1997.

Lending in the Assessment Area

A majority of loans are in the bank's assessment area. Our sample of consumer loans originated and renewed since October 1997 found that 93% of the number of loans were to borrowers residing within the assessment area. In addition, we found that 87% of the number and 86% of the dollar volume of the entire loan portfolio were to borrowers within the bank's assessment area. These percentages are considered substantial, particularly given the consumer credit needs within the assessment area.

Loans to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income). Our review of a sample of 60 consumer loans originated since October 1997 found the following distribution:

<b>LOAN DISTRIBUTION TO BORROWER'S OF DIFFERENT INCOME LEVELS</b>					
<b>FAMILY INCOME LEVEL (CENSUS TRACT)</b>	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Middle-Income</b>	<b>Upper-Income</b>	<b>Total</b>
% of Census Tracts	20%	18%	23%	39%	100%
<b>BORROWER INCOME LEVEL</b>	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Middle-Income</b>	<b>Upper-Income</b>	<b>Total</b>
Dollar Volume	10%	36%	10%	44%	100%
Number of Loans	15%	37%	12%	35%	100%

The above table shows that the bank's lending pattern compares reasonably well with the distribution income-levels of families within the AA.

### Geographic Distribution of Loans

The geographic distribution of the loan portfolio throughout the MSA, including low-income and moderate-income areas, is considered reasonable. The following table depicts the loan distribution by income level of census tract:

<b>LOAN DISTRIBUTION BY CENSUS TRACT</b>					
<b>CENSUS TRACT INCOME LEVEL</b>	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Middle-Income</b>	<b>Upper-Income</b>	<b>Total</b>
% of Census Tracts	10%	25%	38%	26%	100%
Dollar Volume	5%	12%	55%	28%	100%
Number of Loans	4%	16%	45%	35%	100%

### Response to Complaints

The bank has received no substantiated complaints about its performance in meeting assessment area credit needs. We did not identify any violations of the substantive provisions of antidiscrimination laws and regulations during this examination.