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Comptroller of the Currency  
Administrator of National Banks

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## PUBLIC DISCLOSURE

July 2, 1996

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Austin Bank, N. A.  
Charter Number 5581

Post Office Box 951  
200 East Commerce  
Jacksonville, Texas 75766-0951

Comptroller of the Currency  
Southwestern District  
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 Austin Bank, N. A. prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 2, 1996. 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.

Austin Bank, N. A. has a satisfactory record of meeting community credit needs. The bank's loan-to-deposit ratio at 63.51% is reasonable when compared to other area banks. A substantial majority of the bank's loans are extended within its assessment area, and credit activity reflects a reasonable distribution to borrowers of different income levels. Further, loan activity also reflects a reasonable distribution to geographies with different income levels.

The following table indicates the performance level of Austin Bank, N. A. with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>AUSTIN BANK, N. A.</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	No complaints were received since the prior examination.		

#### DESCRIPTION OF INSTITUTION:

Austin Bank, N. A. is a \$130 million bank, which is wholly owned by Austin Bancorp, Inc., a multi-bank holding company. The bank's main office is located at 200 East Commerce, Jacksonville, Texas, and is in a moderate income tract. In addition to the main office, the bank has one branch site which is located at 507 West Duval, Troup, Texas, and is in a middle income tract. Both office sites offer a full range of services and enhance the bank's ability to provide loans throughout its assessment area. The bank has also three automated teller machines. One is located in a moderate income tract at the Wal-mart Super Center, 1311 South Jackson, Jacksonville, Texas; one is located in a middle income tract at the Austin Bank, Troup branch; and the final ATM is located in a middle income tract at 1702 South Jackson Street, Jacksonville, Texas.

The institution is retail oriented and offers full service banking. Loan products offered include real estate loans, consumer loans, and commercial loans. Outstanding loans on March 31, 1996 totaled \$76 million and were distributed as follows: 40% were consumer related, 38% were commercial and commercial real estate; 12% were residential mortgages; and 10% were agricultural loans. There are no legal impediments or other factors which inhibit the bank's ability to meet the needs of the community. The last CRA examination completed at this bank was dated April 19, 1993.

#### DESCRIPTION OF ASSESSMENT AREAS:

The Board has designated the bank's assessment area as the northern half of Cherokee County, along with the portion of Smith County known as the Troup-Arp Division, census tract (CT) 21.00. The Troup-Arp Division is part of the Tyler metropolitan statistical area (MSA) and includes the communities of Troup, Arp, New Chapel Hill, and Overton. The Cherokee County area includes block numbering areas (BNA) 9501.00, 9502.00, 9503.00, 9504.00, 9505.00, 9506.00, and 9507.00 and is not part of a MSA. This area includes the communities of Jacksonville, New Summerfield, Reklaw, Bullard, Cuney, and Gallatin. The population within this area totals 33,630 persons according to the 1990 Census Bureau data. Approximately 24% of the families are low income, 17% are moderate income, 20% are middle income, and 39% are upper income. The geographies are distributed as follows: three are moderate income tracts; four are middle income tracts; and one is an upper income. This assessment

area does not have any low income tracts. The median family income for this assessment area is \$24,045. Local employment is centered in the following industries: manufacturing, government, retail sale, and agricultural.

As part of our evaluation, we contacted a director of a local community-based development organization. This official stated in his/her opinion, the primary community credit need was affordable housing loans for low income families. They were not aware of any completed formal studies which determine the community's credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio :

Austin Bank has a reasonable loan-to-deposit ratio. The bank's loan-to-deposit ratio has averaged 63.51% since the prior CRA Examination on April 19, 1993. The average loan-to-deposit ratio for all banks in Cherokee and Smith Counties for the same time period was 53.62%, and ranged from 25.07% to 79.94%.

Lending in Assessment Area :

A substantial majority of the bank's lending activity is located within its assessment area. We reviewed a sample of 30 consumer loans and 30 business loans originated in 1996. Furthermore, we also reviewed 29 residential mortgages which were originated during 1995 and year-to-date 1996. This sample reflected approximately 87% of these loans by number and 92% by dollar amount were extended within the bank's assessment area.

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

The distribution of residential and consumer loans reflects a reasonable penetration among individuals of different income levels. Our sample of residential and consumer loans resulted in the following distribution:

**DISTRIBUTION BY BORROWER INCOME**

Demographic Characteristics	Low Income		Moderate Income		Middle Income		Upper Income	
Family Income	24%		17%		20%		39%	
Loan Sample	#	\$ Amt	#	\$ Amt	#	\$ Amt	#	\$ Amt
Residential Loans	11%	3%	15%	9%	19%	5%	55%	83%
Consumer Loans	33%	38%	42%	36%	21%	22%	4%	4%

The distribution of business loans also reflects a reasonable penetration among businesses of different sizes. Based on our sample of 30 business loans, 85% of the business loans originated within the bank's assessment area were to small businesses with gross annual revenues less than one million dollars.

#### Geographic Distribution of Loans :

The geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment area. Our sample of residential and consumer loans reflected the following distribution:

DISTRIBUTION BY CENSUS TRACT/BLOCK NUMBERING AREA								
Geography Characteristics	Low Income Tracts		Moderate Income Tracts		Middle Income Tracts		Upper Income Tracts	
Number of Families	NA		2,093		5,881		1,442	
Percentage	NA		22%		63%		15%	
Loan Sample	#	\$ Amt	#	\$ Amt	#	\$ Amt	#	\$ Amt
Residential Loans	NA	NA	26%	14%	52%	47%	22%	39%
Consumer Loans	NA	NA	17%	6%	63%	60%	21%	34%

### Responses to Complaints:

There have been no written complaints related to CRA performance since the prior CRA examination.

### Other Matters:

We did not identify any substantive violations involving anti-discrimination laws or regulations.

Although community development investment opportunities in the local community have been limited, management has participated in community development through non-traditional methods. Austin Bank provides office space to the Jacksonville Literacy Council, at no charge. The current lease rate for comparable office space is \$750 per month. This organization teaches illiterate adults how to read. Adults who utilize this service are primarily low or moderate income individuals. Further, Vice President Andy Phillips is Chairman of the Board for the Jacksonville Housing Authority. This organization provides affordable housing to low or moderate income families. Mr. Phillips does not receive any compensation for this service.