



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 18, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Rosenberg
Charter Number: 12756**

**2910 Avenue H
Rosenberg, Texas 77471**

**Office of the 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 **First National Bank of Rosenberg** prepared by **The Office of the Comptroller of the Currency** the institution's supervisory agency, as of August 18, 1997. 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*.

First National Bank of Rosenberg has a *satisfactory* record of meeting credit needs within the community, as evidenced by the following:

- A reasonable loan-to-deposit ratio that meets the standards for satisfactory performance;
- A majority of loan originations within the bank's assessment area;
- A reasonable distribution of loan originations to borrowers of different income levels and businesses of different sizes; and,
- A reasonable geographic distribution of lending within its assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK OF ROSENBERG</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 CRA examination.		

DESCRIPTION OF INSTITUTION

First National Bank of Rosenberg is a retail oriented \$82 million institution. The location of the main office has not changed in more than twenty-two years. In June 1996, a branch opened in Sugarland, Fort Bend County, Texas. The main bank and the branch service their customers through: drive-in facilities and three ATMs. Lending activity is centered in the following: commercial and industrial (16 percent), real estate (27 percent), 1 - 4 family residential properties (8 percent), agricultural (11 percent), loans to individuals (37 percent) and other loans (1 percent). The bank offers a variety of deposit and loan products. The bank also has a primary mortgage program aimed at first time home buyers. There are no legal impediments, financial or other factors that impair the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

First National Bank of Rosenberg has designated all of Fort Bend County, Texas as their assessment area. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate- income census tracts. The main office and the branch are located in the Houston Metropolitan Statistical Area (MSA). Fort Bend County, Texas, a bedroom community of the Houston MSA has experienced significant growth in recent years. The assessment area includes 49 census tracts with these characteristics: one low income (2 percent), 4 moderate income (8 percent), twenty-one middle income (43 percent), and twenty-three upper income tracts (47 percent).

The Houston MSA (#3360) has a population in excess of three million people. Thirteen percent live below the established poverty level. The assessment area has approximately 77,075 housing units with about 86 percent being 1- 4 family units and the remainder being multi-family units. Owner occupied units account for 68 percent of the total. The median housing value is \$67,100 with a median monthly gross rent of \$528. The HUD Metropolitan Statistical Area Median Family Income is \$36,886.

First National Bank of Rosenberg is subject to intense competition from non-bank financial entities, branches of regional and multinational corporations and branches of other financial institutions. The main bank has several other major competitors located in the Richmond/Rosenberg area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN TO DEPOSIT RATIO

First National Bank of Rosenberg meets the credit needs of its assessment area. First National Bank's loan-to-deposit ratio over the past twelve quarters has averaged 37 percent. As of June 30, 1997, the bank's loan-to-deposit ratio was 42 percent. This average loan-to-deposit ratio is below the peer group average of 58 percent. However, the bank's loan-to-deposit ratio is in line with other similarly situated banks in the Rosenberg area. Currently, there are no adverse factors that would restrict the bank's capacity to lend.

LENDING IN THE ASSESSMENT AREA

An internal analysis prepared by management revealed that a substantial majority of the bank's loans were within its assessment areas. The internal analysis revealed that 73 percent of the number and 68 percent of the dollar volume were made in the assessment area. An analysis of a sample of loans, performed during our examination, substantiated that the majority of loans originated by the bank were to customers within the assessment area. Our analysis noted that 84 percent of the number and 82 percent of the dollar volume were to customers within the bank's assessment area.

Historically, there has been a demand for consumer-based loans. Contacts with community organizations and individuals in the bank's assessment area indicate the need for development activities and lending education for small business owners. The bank has identified housing, consumer and small business loans as the assessment area's primary credit needs. First National Bank of Rosenberg is involved in and is striving to meet these identified needs.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

First National Bank of Rosenberg's lending to borrowers of different income levels and businesses of different sizes is reasonable. Loan applications are solicited from a cross-section of income levels. The majority of the lending is to upper income households. This is not a concern since there is an appropriate level of lending to low and moderate income families. Also, a majority of the commercial loans sampled were made to small businesses with revenues of less than \$1 million. Overall, the bank's level of lending to individuals of different income levels and businesses of different sizes is in line with the characteristics of the assessment area. Table 1 is based on a **sample** of loan approvals through June 30, 1997.

Table 1

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total	
Area Demographic Characteristics	2%		5%		39%		54%		100%	
Loan Types	#	%	#	%	#	%	#	%	#	%
Mortgage	0	0%	1	14%	2	29%	4	57%	7	100%
Consumer	1	6%	3	19%	1	6%	11	69%	16	100%
Home Improvement	1	20%	0	0%	0	0%	4	80%	5	100%
Small Farm	0	0%	0	0%	0	0%	5	100%	5	100%
Revenue Ranges	<\$100M		\$100M--\$500M		\$500--\$1MM		>\$1MM			
Commercial	2	26%	3	37%	3	37%	0	0%	8	100%

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank had a CRA analysis performed by an outside servicer that revealed a reasonable distribution of loan originations to borrowers of different income levels and businesses of different sizes. An analysis performed during the examination substantiated that the bank's level of lending is reasonable and is in line with the demographic profile of the assessment area. The sample review indicated that 5 percent were in low income tracts and 11 percent in moderate income tracts. The remaining 84 percent were in middle to upper income census tracts. The reasons for census tracts with little or low penetration included: low population, intense competition, or lack of convenience. Table 2 below illustrates a **sample** of the geographic distribution of loans:

Table 2

GEOGRAPHIC DISTRIBUTION OF LOANS										
	Low Income Tracts		Moderate Income Tracts		Middle Income Tracts		Upper Income Tracts		Total	
Area Demographic Characteristics	2%		8%		43%		47%		100%	
Count	1		4		21		23		49	
	#	%	#	%	#	%	#	%	#	%
Loan Types										
Mortgage	0	0%	2	29%	4	57%	1	14%	7	100%
Consumer	1	6%	2	12%	11	69%	2	13%	16	100%
Home Improvement	0	0%	0	0%	3	100%	0	100%	3	100%
Small Farm	0	0%	0	0%	5	100%	0	0%	5	100%
Small Biz	1	14%	0	0%	4	57%	2	29%	7	100%

RESPONSE TO COMPLAINTS

During this evaluation period, the bank did not receive any consumer complaints regarding its CRA performance. First National Bank of Rosenberg has procedures in place to handle consumer complaints.

OTHER CONSIDERATIONS

In 1994, First National Bank of Rosenberg implemented a home loan program aimed at residents within the bank’s assessment area. This loan program provides for lower closing costs allowing more individuals or families to qualify for a first time home loan. As of June 30, 1997, the bank had nineteen (19) loans totaling \$625 thousand.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS

We performed a fair lending examination in conjunction with this examination. First National Bank of Rosenberg is in compliance with the substantive provisions of anti-discrimination laws and regulations. We found no practices intended to discourage potential borrowers from applying for credit at the bank.