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Comptroller of the Currency  
Administrator of National Banks

**Small Bank**

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## **PUBLIC DISCLOSURE**

September 18, 2000

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

**Gateway National Bank  
Charter Number 17164**

**12655 North Central Expressway, Suite 100  
Dallas, Texas 75243**

**Comptroller of the Currency**

**500 North Akard Street, Suite 1600  
Dallas, Texas 75201-3342**

**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 **Gateway National Bank, Dallas, Texas** as prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of **September 18, 2000**. 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**.”

Gateway National Bank (GNB) is responsive to the credit needs of its community including low- and moderate-income areas, individuals and small businesses. The following factors support this conclusion:

- GNB's loan-to-deposit ratio is reasonable given the bank's size, assessment area needs, and the competitive banking market in the Dallas/Fort Worth area. The quarterly average loan-to-deposit ratio for the evaluation period is 66%, which is in line with banks of similar size.
- A substantial majority of loans, both in number and dollar volume, are made within GNB's assessment area (AA). Our commercial sample reflected 59% by number and 94% by dollar volume within GNB's AA. GNB's Home Mortgage Disclosure Act-Loan Application Register (HMDA-LAR) shows reportable loans originated in their AA were 71% by number and 72% by dollar volume.
- The distribution of borrowers reflects satisfactory penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The geographic distribution of loans is reasonably dispersed throughout the AA.
- There have been no consumer complaints regarding GNB's CRA performance filed during this evaluation period.

## DESCRIPTION OF INSTITUTION

Gateway National Bank (GNB) is a \$128 million institution as reported June 30, 2000. The bank's main office is located in northeast Dallas in the southwest corridor of I-635 and Central Expressway (State Highway 75). GNB is owned 100% by Gateway Holding Company, Inc. As of June 30, holding company assets were \$9.4 million. The holding company is the bank's only affiliate relationship. GNB does not have any operating subsidiaries. GNB has two full service branches located in Balch Springs and Mesquite, Texas. GNB operates as a retail bank with a business focus on commercial lending. The bank is a Certified Small Business Administration (SBA) lender. Net loans to total deposits represent 64%. As of June 30, 2000, the bank's loan portfolio consisted of the following:

Loan Product	\$ (000)	% of Portfolio
Commercial Real Estate	\$42,900	52%
Commercial Loans	30,188	37%
Installment Loans	6,005	7%
Residential Real Estate	3,188	4%
<b>Total</b>	<b>\$82,281</b>	<b>100%</b>

GNB offers a variety of loan and deposit products and services. The bank has convenient lobby hours with extended hours for drive-in facilities, and banking on Saturday at the Balch Springs and Mesquite branches. GNB has four automated teller machines (ATMs), one at each bank office and one located off-premises.

The bank received an overall rating of *Satisfactory* for its last CRA Performance Evaluation dated August 5, 1996. There are no legal or financial impediments to prevent the bank from meeting the credit needs of its assessment area.

## DESCRIPTION OF GNB'S ASSESSMENT AREA

GNB's defined assessment area is in compliance with the regulation and does not exclude low- and moderate-income census tracts (CTs). GNB's assessment area consists of 268 CTs in Dallas County, of which five do not report demographic data. The assessment area encompasses the northeast half of Dallas County. The income level of the census tracts is detailed in the following table.

GATEWAY NATIONAL BANK'S ASSESSMENT AREA							
Low		Moderate		Middle		Upper	
#	%	#	%	#	%	#	%
32	12.17%	59	22.43%	85	32.32%	87	33.08%

Based on 1990 U.S. Census data, the population in the assessment area is 1,179,495. The

population for Dallas County was reported at 1,852,810. Population statistics for 1997 show Dallas County at 2,023,140. A strong economy and job market is attributed to the increase in population. Dallas County has a diversified employment base. Major employers are in the fields of medical, financial, education, and high-tech. Through August 2000, Dallas County reported an unemployment rate of 3.6%, compared to 4.3% for the state. The 1990 median family income for Dallas County is \$38,754. Based on the 1990 U.S. Census data, there are 299,087 families in the assessment area of which 20% are low-income, 17% moderate-income, 21% middle-income, and 41% upper-income. Nine percent of the families are below the poverty level. The median housing value in the assessment area for 1990 is \$99,574. Forty-five percent of housing is owner-occupied.

Information concerning credit needs in the assessment area was obtained from civic and non-profit organizations. Needs identified through these contacts include small business lending for start-up and working capital, and affordable housing development and financing.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

GNB satisfactorily meets the credit needs of its AA, including low- and moderate-income individuals and areas, consistent with its resources and capabilities.

### **Loan-to Deposit Ratio**

GNB's loan-to-deposit ratio is reasonable given the bank's size, assessment area needs, and the competitive banking market in the Dallas/Fort Worth area. The quarterly average loan-to-deposit ratio for the evaluation period is 66%, which is in line with banks of similar size. The following table shows the average loan-to-deposit ratio for banks similar to GNB in size and market area.

<b>Institution</b>	<b>Assets (as of 06/30/00)</b>	<b>Avg. LTD Ratio</b>
Gateway National Bank	128,497	66%
First State Bank	135,238	70%
Brookhollow National Bank	140,007	54%
Lone Star Bank	155,500	68%
Founders National Bank	96,879	73%
United Texas Bank	99,803	68%
Homebank	87,126	43%

### **Lending in the Assessment Area**

GNB meets the standards for satisfactory performance in lending within its AA. A majority of their loans in number and dollar volume are located within the AA. Our analysis included loans reported on the HMDA-LAR for the years 1998, 1999 and YTD 2000, a sample of 17 small business loans from YTD 2000 data and a sample of 19 installment loans from YTD 2000 data.

The following tables demonstrate the distribution of these loans in and outside GNB's AA.

RESIDENTIAL REAL ESTATE PRODUCTS								
YEAR	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
1998	17	89.47	1,036	85.90	2	10.52	170	14.09
1999	14	70.00	612	93.58	6	30.00	42	6.42
YTD 2000	8	50.00	137	22.17	8	50.00	481	77.83
Totals	39	70.90	1,785	72.03	16	29.09	693	27.97

YTD 2000 INSTALLMENT LOANS								
YEAR	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
2000	9	47.36	111	30.41	10	52.63	254	69.59

YTD 2000 COMMERCIAL LOANS								
YEAR	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
2000	10	58.82	250	93.74	7	41.17	17	6.25

### **Lending to Borrowers of Different Incomes and Businesses of Different Sizes**

GNB meets the standards for satisfactory performance of these criteria with a reasonable distribution of loans to individuals with different income levels and businesses of different sizes within its AA. The following tables illustrate GNB's performance.

RESIDENTIAL REAL ESTATE																
Borrower Income	LOW				MODERATE				MIDDLE				UPPER			
% Families	19.92				17.42				21.38				41.27			
YEAR	#	%	\$ (000s)	%	#	%	\$ (000s)	%	#	%	\$ (000s)	%	#	%	\$ (000s)	%
1998	6	25.00	63	6.08	8	33.30	64	6.18	2	8.30	12	1.16	8	33.30	897	86.58
1999*	3	23.08	14	2.75	1	7.69	20	3.92	1	7.69	5	1.00	8	61.53	471	92.35
2000	0	0.00	0	0.00	2	18.18	22	16.06	1	9.10	5	3.65	8	72.72	110	80.29
Totals*	9	18.75	77	4.58	11	22.92	106	6.30	4	8.33	22	1.31	24	50.00	1,478	87.82

\* Income information not available for 7.14% of loans.

INSTALLMENT YTD 2000

Borrower Income	LOW				MODERATE				MIDDLE				UPPER			
% of Households	21.07%				17.48%				20.24%				41.21%			
YEAR	#	%	\$ (000s)	%	#	%	\$ (000s)	%	#	%	\$ (000s)	%	#	%	\$ (000s)	%
2000	3	33.33	8	12.94	3	33.33	54	48.46	3	33.33	48	43.81	0	0.00	0	0.00

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Revenues	≤\$1,000,000	>\$1,000,000
% Of Loans In AA*	70.05%	11.50%
% Of Loans by Bank	50.00%	50.00%

\*Income information not available for 18.45% of loans

### **Geographic Distribution of Loans**

The geographic distribution of loans is adequately dispersed throughout the AA and meets the standard for satisfactory performance. We base this conclusion on the reasonable penetration of commercial, consumer and HMDA-LAR reportable loans located in low and moderate income census tracts. The following tables illustrate the geographic distribution of the bank's lending within the AA.

RESIDENTIAL REAL ESTATE																
CEN TRCT	LOW				MODERATE				MIDDLE				UPPER			
% Owner Occupied	3.65%				16.43%				38.06%				41.86%			
Bank Loans	#	%	\$ (000s)	%	#	%	\$ (000s)	%	#	%	\$ (000s)	%	#	%	\$ (000s)	%
1998	0	0.00	0	0.00	10	41.70	97	9.36	6	25.00	112	10.81	8	33.33	827	79.82
1999	1	7.14	37	6.05	4	28.57	19	3.10	3	21.42	159	25.98	6	42.85	397	64.87
YTD 2000	0	0.00	0	0.00	1	12.50	2	1.46	1	12.50	10	7.30	6	75.00	125	91.24
Totals	1	2.17	37	2.07	15	32.61	118	6.61	10	21.73	281	15.74	20	43.47	1349	75.57

YTD 2000 INSTALLMENT LOANS																
CEN TRCT	LOW				MODERATE				MIDDLE				UPPER			
% Population	8.85%				23.49%				37.24%				30.37%			
YEAR	#	%	\$ (000s)	%	#	%	\$ (000s)	%	#	%	\$ (000s)	%	#	%	\$ (000s)	%
YTD 2000	0	0.00	0	0.00	3	33.33	57	51.13	5	55.55	32	28.97	1	11.11	22	19.89

YTD 2000 BUSINESS LOANS								
CEN TRCT	LOW		MODERATE		MIDDLE		UPPER	
% Businesses	5.24%		22.30%		35.24%		33.49%	
YEAR	#	%	#	%	#	%	#	%
YTD 2000	0	0.00	1	10.00	6	60.00	3	30.00

**Responses to Complaints**

There have been no consumer complaints regarding GNB's CRA performance filed during this evaluation period.

**Record of Compliance with Antidiscrimination Laws**

A streamlined fair lending exam was performed during the December 1, 1999 compliance exam. There was no evidence of discriminatory or other illegal credit practices found.