



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 7, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Western National Bank of Odessa
Charter Number 16658**

**2700 West County Road
Odessa, Texas 79764**

**Office of the Comptroller of the Currency
Southwestern District
500 N. 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 **Western National Bank of Odessa** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 7, 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**.

Western National Bank has an excellent loan-to-deposit ratio and a substantial majority of lending is within the bank's assessment area. Lending patterns reflect a reasonable penetration among individuals of different income levels and businesses of different sizes.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	WESTERN NATIONAL BANK OF ODESSA 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	Not meaningful		
Response to Complaints	No complaints were received since the prior examination		

DESCRIPTION OF INSTITUTION

Western National Bank of Odessa (WNB) has its main office and two branches located in the city of Odessa, Ector County, Texas. The bank also has one branch located in the city of Midland, Midland County, Texas, and one located in the city of Kermit, Winkler County, Texas. WNB is a wholly-owned subsidiary of WNB Bancshares. Total assets are 167 million. The financial condition of the bank is good; there are no legal impediments or other factors that inhibit the bank from meeting the credit needs of its assessment area. The prior CRA examination was May 26, 1994, and resulted in a "Satisfactory record of meeting community credit needs." The bank encounters a moderate level of competition from other financial institutions in the assessment area. Net loans represent 57% of total assets. Commercial and real estate loans represent 88% of the loan portfolio.

DESCRIPTION OF *Midland/Odessa Metropolitan Statistical Area (MSA)* *Winkler County*

The assessment area has been designated as Ector and Midland counties, which include the Midland/Odessa Metropolitan Statistical Area (MSA), and Winkler County which is a non-MSA county. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Midland/Odessa MSA

According to the 1990 census data, the total population of the MSA is 225,545 with approximately 26% of the population Hispanic. The MSA has the following income tracts: 5 low, 14 moderate, 18 middle, and 19 upper. The 1990 United States Census median family income for the MSA is \$30,955. A substantial majority of borrowers resides within Ector County. The income level of households within Ector County is as follows: 28% low, 17% moderate, 20% middle, and 35% upper.

The MSA economy is highly dependent on the volatile oil and gas industry. Many local employers are involved in the production and servicing of oil and gas wells. Additional large employers are Odessa Junior College, the University of Texas - Permian Basin, and Midland Junior College.

The credit needs of the MSA include large and small commercial loans and small consumer loans. There are several other financial institutions located in the MSA.

One community contact was made during this examination. We interviewed the Executive Director of the Mexican-American Network of Odessa, Inc. Information

obtained during the meeting did not identify any unmet credit needs.

Winkler County

According to 1990 census data, the population of Winkler County is 8,626 with 37% Hispanic. Winkler County has three middle-income tracts and one upper-income tract. No low- or moderate-income tracts exist. The 1990 United States Census median family income for Winkler County is \$24,586.

The Winkler County economy revolves around the oil and gas industry and ranching. Additional employers are the prison and the school.

The primary credit needs in Winkler County are small consumer loans and commercial loans. The city of Kermit has two other financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

WNB - Odessa has an excellent loan-to-deposit ratio. The loan-to-deposit ratio has remained relatively stable and has averaged 74% since the last CRA assessment, versus 63% for similarly situated institutions.

Lending in the Assessment Area

A substantial majority of WNB's lending activity occurred within its assessment area. A review of the loan portfolio showed that 89% of all commercial and consumer loans currently booked were originated to persons residing within WNB's assessment area.

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

A sample of consumer loans originated during 1996 reflects a good distribution of loans to all income levels, including loans to low- and moderate-income borrowers. A sample reflected the following income level distribution: 33% low, 11% moderate, 11% middle, and 45% upper. This approximates the income distribution of the assessment area. The sample of commercial loans reviewed covers a wide range of gross annual revenues.

Geographic Distribution of Loans

A geographic distribution analysis of lending patterns throughout the assessment area

was not performed. The assessment area encompasses a large geographical area which includes a very diverse population representing all income categories. Therefore, a geographical lending analysis would not be meaningful.

Response to Complaints

No consumer complaints have been received since the last examination. No violations of the substantive provisions of anti-discrimination laws and regulations were identified.