



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 31, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Northwest National Bank of Arlington
Charter Number 18380**

**610 West Randol Mill Road
Arlington, Texas 76011**

**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 the **Northwest National Bank of Arlington** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **January 31, 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**.

Northwest National Bank's lending performance reflects responsiveness to its community credit needs. The bank's loans to deposit ratio of 78% exceeds that of other local institutions. Most of the loans are within the bank's designated assessment area and reasonably penetrate various geographies and borrower income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>NORTHWEST NATIONAL BANK of ARLINGTON</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 received since the prior examination.		

DESCRIPTION OF INSTITUTION

Northwest National Bank of Arlington (NWNB) has one office located in Arlington, Texas. As of September 30, 1996, the bank had total assets of \$56 million with \$41 million in total loans. The loan mix consists of consumer (39%), commercial (34%), and real estate (27%). Much of the consumer portfolio is purchased from local automobile dealers.

NWNB is an independently owned bank. There are no financial or legal impediments to the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is defined as the City of Arlington. Arlington is included in the Fort Worth-Arlington Metropolitan Statistical Area (MSA). As of the 1990 census data, the city of Arlington contained 63 census tracts with a population of 288,967. The MSA median family income totaled \$37,571. The number of housing units approximate 123,677 of which 48% are rental units. The local economy is good and well diversified in retail, technology, and manufacturing companies. Unemployment has remained below the state and national averages. Primary credit needs include: affordable housing, small business, and consumer loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

NWNB has a lending performance that meets those of local financial institutions of comparable size. The bank's loan-to-deposit ratio averaged 78% for the past four quarters and is substantially above the Tarrant County average of 59%. It should be noted that a large portion of the bank's consumer portfolio is purchased from small local automobile dealers.

A majority of the bank's lending is within the assessment area. An analysis performed by the bank as of March 13, 1996, reflected 53% of the loans extended were within the assessment area. Many of the bank's consumer loans are located outside the assessment area. Again, this is because a majority of them are purchased through dealers. The bank has made loans throughout the assessment area. No low or moderate income census tracts were excluded.

Loan distribution by borrower income reflects a satisfactory penetration among individuals of different income levels. There are two census tracts identified as low income and 13 classified as moderate income within the bank's assessment area. The following table shows that real estate loans, including home improvement loans, made to various income levels mirror that of the assessment area population.

1996 Mortgage Originations By Borrower Income Level			
Income Level	% Number Originated	% Dollar Originated	% of Families in AA (1)
Low Income (2)	15.00%	15.00%	14.40%
Moderate Income (3)	25.00%	39.00%	16.30%
Middle Income (4)	10.00%	2.00%	23.60%
Upper Income (5)	50.00%	44.00%	45.70%
TOTAL	100.00%	100.00%	100.00%

(1) Based on 1990 Census Data

(2) Income <50% of the Census MSA Median Family Income

(3) Income ≥50% but <80% of the Census MSA Median Family Income

(4) Income ≥80% but <120% of the Census MSA Median Family Income

(5) Income ≥120% of the Census MSA Median Family Income

NWNB participates in the Arlington Home Buyers Assistance Program. This program provides first time homebuyers with downpayment, loan fees and, closing cost assistance. The bank funded three loans during 1996 totalling \$157,000 and has one loan pending for \$48,000.

NWNB is actively involved in Small Business Administration (SBA) lending. As of November 30, 1996, the bank had 23 loans totalling \$927,129. Thus, the average loan equals approximately \$40,000. As previously mentioned, the bank purchases a majority of their consumer loans from local automobile dealers who would be classified as small businesses.

During this evaluation period, NWNB did not receive any consumer complaints regarding CRA performance. Our most recent fair lending examination revealed no substantive violations of antidiscrimination laws or regulations.