



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

August 24, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**American Bank, N.A.
Charter Number 15820**

**5120 South Padre Island Drive
Corpus Christi, Texas 78411**

**Comptroller of the Currency
San Antonio South Field Office
5350 South Staples, Suite 405
Corpus Christi, Texas 78411**

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 **American Bank, National Association, Corpus Christi, Texas**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **August 24, 1998**. 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**.

American Bank, N.A. (American Bank) is responsive to the credit needs of the community including low- and moderate-income areas, individuals, and small businesses.

- The bank offers a variety of loan products and maintains a reasonable loan-to-deposit ratio.
- A substantial majority of American Bank's loans are within their assessment area.
- Credit is reasonably distributed among businesses of different sizes, borrowers of different income levels, and areas with different income levels, including low- and moderate-income census tracts.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>American 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		✓	
Lending in Assessment Area	✓		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		✓	
Geographic Distribution of Loans		✓	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

American Bank is a commercial bank with \$330 million in assets which makes it the largest independently owned bank in Corpus Christi, Texas. The bank is a subsidiary of a two-tier holding company. American Bank Holding Corporation (a Texas corporation), with total consolidated assets of \$330 million, owns ABHC Delaware, Inc. (a Delaware corporation), which owns American Bank. As of June 30, 1998, gross loans at American Bank totaled \$186 million resulting in a loan-to-deposit ratio of 61.5 percent. There are no undue financial or legal constraints which would inhibit the bank's performance under the CRA. American Bank is a full service commercial bank which has six full service locations, four automatic teller machines, a mortgage center, and an investment center. The bank provides a variety of commercial and consumer products and services.

American Bank focuses on small to medium sized businesses and actively participates in small business government guaranteed loan programs as a Small Business Administration (SBA) Certified Lender. The bank also targets affluent professionals in the legal, medical, and accounting fields. The mortgage department has been active in the residential mortgage lending market, having generated 559 home loan originations totaling more than \$54 million in 1997 and 1998. Most of these loans are sold into the secondary market.

A breakdown of the loan portfolio as of June 30, 1998, is shown in the following table:

Loan Type	Dollar Volume (000's)	% of Loan Portfolio
Commercial	79,989	42.91
Commercial Real Estate	62,688	33.63
1 - 4 Family Residential	22,888	12.28
Consumer	16,054	8.61
Agricultural	4,416	2.37
Other	392	0.20
Total	186,427	100.00

American Bank's prior CRA rating dated April 11, 1996, was Satisfactory.

DESCRIPTION OF THE ASSESSMENT AREA (AA)

American Bank's AA consists of that portion of Nueces County which includes the cities of Corpus Christi and Port Aransas, Texas which are located in Metropolitan Statistical Area (MSA) 1880. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income census tracts.

Nueces County has a population estimated at 307 thousand, the bulk of which reside in Corpus Christi with an estimated population of 271 thousand. The U.S. Census 1990 median family income for the AA is \$28,499. The updated 1998 Department of Housing and Urban Development (HUD) median family income used to determine individual income classifications is \$38,200. There are 54 census tracts, of which seven are defined as low-income, 11 moderate-income, 16 middle-income, and 20 upper-income. The economy is strong and diversified. Major contributors include several refineries, agriculture, tourism, retail, construction, and the Port of Corpus Christi. The United States military maintains a strong presence in the area with the Corpus Christi Army Depot as the largest single employer. Competition is fierce with twelve other banks, sixteen credit unions, and numerous finance companies. Several competing banks are large regional and multi national organizations. Our community contacts with a local Realtor and a manager of a community-based development organization, indicated the need for more flexible access to start up capital for small businesses. Both contacts confirmed that American Bank is responsive to community credit needs, particularly in the small business segment.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

American Bank is performing satisfactorily in meeting the credit needs of the entire AA, including low- and moderate-income individuals and areas, consistent with its resources and capabilities.

Loan-to-Deposit Ratio

American Bank's loan-to-deposit ratio is reasonable and compares similarly with other financial institutions in the AA. The average loan-to-deposit ratio for the last nine quarters is 60 percent. As of June 30, 1998, the bank's loan-to-deposit ratio was 61.48 percent. These ratios are in the mid-range when compared to five other similar banks in the area with assets more than \$250 million. Data obtained from the Federal Deposit Insurance Corporation indicates the Southwest regional average for banks with assets between \$300 and \$500 million is 63.89 percent.

Lending in the Assessment Area (AA)

A substantial majority of credit is extended within the AA. A bank generated analysis of the total loan portfolio as of July 1998, indicated 93 percent of the dollar volume and 91 percent of the number of loans are located within the AA. The bank's Home Mortgage Disclosure Act (HMDA) Loan Application Register for 1997 reflects 79 percent of the dollar volume and 80 percent of the number of reportable home loans were within the AA. Seventy-five percent of the dollar volume and 75 percent of the number of the HMDA reportable home loans for year-to-date 1998 are within the AA. Likewise, 83 percent of the small business loans originated in 1998 are within the AA.

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

American Bank meets the standards for satisfactory performance in lending to borrowers of different incomes and businesses of different sizes. We noted loans to all income categories of borrowers and the penetration generally corresponds with the AA's demographic characteristics.

American Bank actively seeks loans to small businesses and is the leading SBA lender in Corpus Christi with more than \$15 million in outstanding loans to 79 different borrowers. Beginning in 1998, the bank started tracking all commercial loans by census tracts and gross revenues. A bank analysis of commercial loans originated in 1998 indicated more than 75 percent of the commercial loans in the AA are to businesses with annual gross revenues of less than one million dollars.

HMDA reportable loans in 1997 and 1998 reflect a slightly skewed distribution of loans toward middle and upper income households. In an effort to improve the penetration to low- and moderate-income households, the bank obtained approval to originate Federal Housing Administration (FHA) and Veterans Administration (VA) loans very recently in mid-1998. These loans allow for higher debt-to-income ratios and up to 100% financing for some mortgage loans. As a result of the promotion of these mortgage products, management anticipates an increase in the number of mortgage loans to low- and moderate-income households.

Consumer loans represent a small portion of the total loan portfolio. Our consumer sample indicates all income categories of borrowers are adequately penetrated. We reviewed 124 consumer loans originating in July and August of 1998 which indicated more than 25 percent were to low- and moderate-income households.

Lending to Borrowers of Different Income Levels										
	Low Income Households		Moderate Income Households		Middle Income Households		Upper Income Households		Total	
Area Demographic Characteristics	23.2%		15.7%		18.8%		42.3%		100.00%	
Number of Households	15,453		10,457		12,522		28,175		66,607	
	#	%	#	%	#	%	#	%	#	%
HMDA-1997	5	2.2	18	7.8	41	17.7	168	72.3	232	100.0
HMDA-1998	9	3.4	14	5.3	53	19.8	191	71.5	267	100.0
Consumer (sample)	169	15.4	110	9.9	203	18.3	623	56.4	124	100.0

Lending to Borrowers of Different Income Levels		
Commercial Loans	Number	%
Gross Revenues Less Than \$1MM	252	75.2
Gross Revenues Greater Than \$1MM	83	24.8

Geographic Distribution of Loans

American Bank meets the standards for satisfactory performance in geographic distribution of loans. Considering the composition of the bank's loan portfolio, the geographic distribution of loans is reasonably dispersed throughout the AA. Commercial and commercial real estate loans comprise approximately 76 percent of the bank's loan portfolio. Forty-one percent of the commercial originations in 1998 were located in low- and moderate-income census tracts.

The distribution of HMDA reportable loans is higher in the middle and upper income census tracts; however, the penetration in low- and moderate-income census tracts is reasonable. Notable in the low-income census tracts, is that almost 70 percent of the homes are either renter occupied or vacant. Overall, the distribution of loans for the total portfolio coincides with the demographic characteristics of the AA. The following table reflects the geographic distribution of loans in relation to the area demographics.

Geographic Distribution of Loans										
	Low Income Tracts		Moderate Income Tracts		Middle Income Tracts		Upper Income Tracts		Total	
Area Demographic Characteristics	12.9%		20.4%		29.6%		37.1%		100.00%	
Count	7		11		16		20		54	
	#	%	#	%	#	%	#	%	#	%
HMDA-1997	2	0.8	9	3.7	104	42.8	128	52.7	243	100.0
HMDA-1998	1	0.3	10	3.4	104	35.4	179	60.9	294	100.0
Commercial	26	7.8	113	33.7	123	36.7	73	21.8	335	100.0
Total Portfolio	159	4.7	744	22.2	1,227	36.6	1,221	36.4	3,351	100.0

Response to Complaints

During this evaluation period, American Bank has not received any consumer complaints regarding its CRA performance.

Record of Compliance with Antidiscrimination Laws

No substantive violations of the antidiscrimination laws and regulations were identified. No practices were detected which are intended to discourage applicants from applying for the types of credit offered. The Board and management have developed adequate policies, procedures, and training programs to deter discriminatory or other illegal credit practices.