



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 1, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Nueces National Bank
Charter Number 16063**

**1434 South Port Avenue
Corpus Christi, TX 78465**

**Office of the Comptroller of the Currency
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 Nueces National Bank prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 1, 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.

Nueces National Bank is responsive to the credit needs of the community including low- and moderate-income individuals and areas. The loan-to-deposit ratio is reasonable given the institutions size, financial condition, and assessment area credit needs. A substantial majority of the banks lending is within the assessment area, and the loan distribution to individual borrowers reflects excellent penetration among customers of different income levels. Nueces National Bank lends to businesses of all sizes, particularly small businesses. The geographic distribution of loans reflects a reasonable dispersion throughout the entire Corpus Christi Metropolitan Statistical Area (MSA).

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Nueces National Bank</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		XXX	
Lending in Assessment Area	XXX		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes	XXX		
Geographic Distribution of Loans		XXX	
Response to Complaints	No complaints were received since the prior compliance examination.		

DESCRIPTION OF INSTITUTION

Nueces National Bank has one office with total assets of \$33 million. The minority owned, retail bank is located in a moderate income census tract on the west side of Corpus Christi. Construction is in progress for a south side branch anticipated to open in mid-1997.

The bank offers traditional financial services including commercial, small business, residential mortgage, and consumer installment lending. Nueces National Bank is not a subsidiary of a holding company and has no affiliates to consider in this performance evaluation. Additionally, there are no legal factors which would impede the bank's ability to meet the credit needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREA

Nueces National Bank's assessment area is the entire Corpus Christi MSA including the boundaries of Nueces and San Patricio counties. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. Approximately one-third of the assessment area is represented by low- and moderate-income census tracts. There are 77 census tracts within the MSA of which 8 are low-income, 15 are moderate-income, 27 are middle-income, and 27 are upper-income census tracts. The U.S. Census 1990 median family income for the Corpus Christi MSA is \$28,499. The updated Housing and Urban Development (HUD) median family income used to determine individual income classifications is \$35,200.

The city of Corpus Christi has a population of 257 thousand. The local economy is stable and diversified. Energy related industries, agriculture, tourism, and the Port of Corpus Christi are major contributors. The United States military maintains a strong presence in the area, with the Corpus Christi Army Depot as the largest single employer. Our community contacts with local business and civic leaders indicate a need for more flexible access to start-up capital for small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Nueces National Bank meets standards for satisfactory performance in meeting the credit needs of the entire assessment area, including low- and moderate-income individuals, consistent with its resources and capabilities.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institutions size, financial condition, and assessment area credit needs. During the past ten quarters, the loan-to-deposit ratio ranged from 56.61% on June 30, 1994 to 60.98% on December 31, 1996. Nueces National Bank’s average loan-to-deposit ratio over the period is 58.83%. These ratios are in the mid-range when compared to the other five community banks located in the city and serving the Corpus Christi MSA.

Lending in Assessment Area

A substantial majority of the banks lending is within the assessment area. The bank originated 90 of 91 residential loans within the Corpus Christi MSA in 1996. Our sample of 25 residential, 25 consumer, and 25 business loans indicates 96% in number and 72% in dollar volume were made within this assessment area as reflected in the following table:

Lending Within the Corpus Christi MSA Assessment Area								
Loan Sample	Within Assessment Area				Outside Assessment Area			
	#	%	\$(000)	%	#	%	\$(000)	%
Residential	24	96%	226	99%	1	4%	2	1%
Consumer	24	96%	114	93%	1	4%	9	7%
Business	24	96%	676	64%	1	4%	375	36%
Total	72	96%	1,016	72%	3	4%	386	28%

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

The distribution of loans to individual borrowers reflects excellent penetration among borrowers of different income levels. Of the loans sampled within the assessment area 62% of the residential and 67% of the consumer loans were extended to individuals with low-to moderate-incomes as shown in the following table:

Distribution of Loans Within the Assessment Area by Applicant Income									
Individual Income Level and % of Population		Residential Loan Sample				Consumer Loan Sample			
		#	%	\$(000)	%	#	%	\$(000)	%
Low Income	9%	8	33%	30	13%	9	38%	35	29%
Moderate Income	24%	7	29%	121	53%	7	29%	30	24%
Middle Income	37%	4	17%	46	20%	5	20%	22	18%
Upper Income	30%	5	21%	31	14%	3	13%	36	29%
Total	100%	24	100%	228	100%	24	100%	123	100%

Nueces National Bank lends to businesses of all sizes. Our sample of 25 business loans indicates 84% in number and 51% in dollar amount of these loans were extended to small businesses with revenues under \$1 million as illustrated below:

Distribution of Loans to Business of Various Sizes				
Annual Revenues	#	%	\$(000)	%
0-100,000	7	28%	68,503	7%
100,000-250,000	4	16%	55,387	5%
250,000-500,000	7	28%	183,925	18%
500,000-1,000,000	3	12%	224,592	21%
Over 1,000,000	4	16%	519,036	49%
Total	25	100%	1,051,443	100%

Geographic Distribution of Loans

The geographic distribution of loans reveal a reasonable dispersion throughout the Corpus Christi MSA. An internal analysis of the entire loan portfolio reflects lending in 84% or 65 of the 77 census tracts as of July 26, 1996. The bank's analysis also indicates 31% of the residential and 52% of the consumer loans were originated in low- to moderate-income census tracts. This level of lending in low- to moderate-income geographies is supported by our sample of 25 residential and 25 consumer loans. The following table is based on internally generated data and illustrates the level of lending to various income census tracts:

Distribution of Loans Within the Assessment Area by Census Tract										
Census Tract Income Level	Census Tract Income		Residential Loan Sample				Consumer Loan Sample			
	#	%	#	%	\$ (000)	%	#	%	\$(000)	%
Low	8	10%	17	10%	566	8%	130	15%	403	10%
Moderate	15	20%	35	21%	2,079	29%	325	37%	1,255	30%
Middle	27	35%	55	32%	2,281	32%	235	26%	1,133	27%
Upper	27	35%	64	37%	2,168	31%	191	22%	1,344	33%
Total	77	100%	171	100%	7,094	100%	881	100%	4,135	100%

Response to Complaints

Nueces National Bank has not received any consumer complaints regarding its CRA performance during this evaluation period. We did not identify any substantive violations of the anti-discrimination laws and regulations. Additionally, we did not detect any practices 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 prevent discriminatory or other illegal credit practices.

Investments and Services

We evaluated the level of qualified investments and services made within the assessment area. While size limits their ability to manage large community projects, Nueces National Bank has played an active role in economic revitalization through various city projects and loan participations as follows:

- Young Women's Christian Association - The bank purchased a \$250 thousand participation to provide financing for this facility. The non-profit organization strives to create opportunities for women's growth and development in the community;
- U.S.S Lexington - The bank purchased a \$100 thousand participation to provide permanent mooring for this retired naval vessel to be used as a museum. This project has dramatically enhanced tourism in the Corpus Christi area;
- Revolving Loan Program - A city program providing federal grant money for low income home improvement projects. Grants are made available for area contractors to repair qualifying homes. The bank has made 21 working capital loans totaling \$177 thousand to small business contractors awarded such contracts.

Business hours are tailored to the convenience of the assessment area. Lobby hours are extended to 6:00 PM on Fridays. The Motor Bank is open 8:00 AM to 1:00 PM on Saturday. Customers also have the added convenience of Audio-Tel Systems which allows 24-hour free access to account information. Other services include:

- Round Table Luncheons - Nueces National Bank solicits discussion with various community groups and leaders to provide a framework for productive interaction. Meetings are held periodically at the bank to determine how to better serve the entire community; and
- Ready Line Account - An overdraft protection line of credit is offered to all customers opening a transaction account. This line is of great help to low and moderate income customers who maintain minimal balances by eliminating incidental overdraft charges.

These investments and services are supportive of the credit needs in the assessment area and provide additional support for the Satisfactory rating.