



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

May 11, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**CaminoReal Bank, N.A.
Charter #18350**

**403 S. W.W. White Road
Post Office Box 200010
San Antonio, Texas 78220**

**Office of the Comptroller of the Currency
San Antonio-North Duty Station
9601 McAllister Freeway, Suite 200
San Antonio, Texas 78216-4605**

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 CRA performance of **CaminoReal Bank, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of May 11, 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 assessed a rating of **Satisfactory**.

CaminoReal Bank's (CRB) lending performance reflects a satisfactory responsiveness to community credit needs. The following highlights the bank's performance:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. CRB's loan-to-deposit ratio averaged 41.2% from June 1996 to March 1998.
- A substantial majority of the number, and dollar volume, of loans originated from July 1996 through March 1998 are in the bank's assessment area.
- The distribution of borrowers reflects an excellent penetration to individuals of different incomes and businesses of different sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The bank received no consumer complaints concerning its CRA performance since the July 16, 1996 examination.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	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	There have been no complaints received since the last examination.		

DESCRIPTION OF INSTITUTION

CaminoReal Bank has total assets of \$280 million with loans totaling \$105 million. CRB is the result of the merger on November 30, 1995, of Texas Bank, N.A. and CaminoReal Bank, N.A. The bank's main office and three branches are located in San Antonio. In addition, the bank has branch locations in Carrizo Springs, Crystal City, Eagle Pass, and Pearsall, Texas. Loans make up 38% of the bank's total assets. As of March 31, 1998, the loan portfolio consists of the following primary categories:

Loan Portfolio Composition		
Loan Type	Amount (000's)	Percentage of Total Loans
Commercial Real Estate Loans	\$ 54,231	51.3%
Commercial Loans	\$ 24,058	22.7%
Consumer Loans	\$ 12,280	11.6%
1 - 4 Family Residential Loans	\$ 11,169	10.5%
Agricultural Loans	\$ 4,075	3.9%
Total	\$ 105,813	100%

There are no legal or financial factors impeding the bank's ability to help meet the credit needs in its assessment areas. The previous Community Reinvestment Act examination is dated July 16, 1996.

DESCRIPTION OF ASSESSMENT AREAS

CRB has two assessment areas. One of the assessment areas consists of Bexar County which is located in Metropolitan Statistical Area (MSA) #7240. The other assessment area (South Texas) includes the contiguous counties of Dimmit, Frio, Maverick, and Zavala. The South Texas assessment area consists of non-MSA counties.

Bexar County includes the city of San Antonio, the third largest city in Texas. It is the center of economic activity for the south Texas area. The economic base of San Antonio is primarily dependent upon three industry segments; service, government, and trade. Three fourths of the San Antonio workforce is employed in one of these three industries.

The federal government, primarily the four military installations, has a large economic impact. With Kelly Field Air Force Base being slated for closure in 2001, the economic impact remains uncertain while efforts to privatize Kelly Field continue.

Tourism also has a significant impact on the local economy. It is estimated that ten million visitors come to San Antonio annually. San Antonio's economy is diverse and normally is not significantly impacted by swings in the overall general economy. San Antonio is also tied to the border with the city being a major stop for import/export with Mexico.

Bexar County is composed of 223 census tracts, of which 22 are low income, 71 are moderate income, 68 are middle income, and 62 are upper income. The 1997 updated median family income for the MSA, which includes Bexar, Comal, Guadalupe, and Wilson counties, is \$39,800. Credit needs identified by community contacts included: affordable housing, home improvement, consumer, and small business loans.

The South Texas assessment area's economy is mainly dependent on agriculture and energy related industries. A prolonged drought in northern Mexico and South Texas has had a significant adverse impact on the ranching and agriculture industries in the area. In addition, the entire Texas-Mexico border economy had been adversely affected by the Mexico Peso devaluation. However, stabilization of the Mexican economy has resulted in growth among border communities.

The four counties that comprise the South Texas assessment area have median family incomes significantly below the statewide average for non MSA areas. Median family incomes range from \$13,438 in Maverick county to \$15,764 in Frio county. The statewide median family income for non-MSA areas is \$24,586. Of the 15 block numbering areas (BNA's) in the South Texas assessment area, 5 are low-income areas, 8 are moderate-income areas, and 2 are middle-income areas. There are no upper-income areas. Credit needs identified by community contacts included: affordable housing, home improvement, consumer, and small business loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable. The average loan-to-deposit ratio since the last examination is 41.2%. This ratio is comparable to the other banks with total assets of less than \$300 million (peer) in the assessment areas. The average loan-to-deposit ratio for peer banks, as of December 31, 1997, is 45.8% and range from 18.4% to 68.7%. CRB's loan-to-deposit ratio for December 31, 1997, is 42.8%.

Lending in the Assessment Areas

A substantial majority of the number, and dollar volume, of loans originated from July 1996 through March 1998 are in the bank's assessment area. Of commercial and consumer loans originated during the period, 86.4% of the number and 78.7% of the dollar amount of loans were within CRB's assessment area. A sample of 1996 and 1997 HMDA loans reflected 93.2% being within the bank's assessment area.

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

The loan distribution to individuals with different income levels within the assessment areas is excellent. Our review of the 1996, 1997, and first quarter 1998 HMDA-LAR, and a sample of consumer loans, indicated that lending activity to low- and moderate-income families exceeded the demographic characteristics of the assessment areas. The details of our review are reflected in the following table:

Loan Sample Distribution by Income Group										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total # of Families	
Area Demographic Characteristics	24%		17%		20%		39%		100%	
# of Families	76,230		54,593		62,342		123,264		316,429	
Loan Type	#	%	#	%	#	%	#	%	#	%
Consumer	16	41%	11	28%	8	21%	4	10%	39	100%
Residential	44	31%	26	18%	37	26%	36	25%	143	100%
Total	60	33%	37	20%	45	25%	40	22%	182	100%

We also sampled 48 commercial loans and 27 agricultural loans to determine the distribution among businesses and farms of different income levels. Our analysis reflected a good dispersion, given the bank's emphasis on small business lending, with 75% of commercial loans and 93% of agricultural loans being granted to entities having gross revenues of less than \$1 million. Details of our review are reflected in the following table:

Lending to Businesses of Different Sizes										
Gross Revenues \$	Less than 100,000		100,000-250,000		250,000-1,000,000		More than 1,000,000		Total	
Loan Type	#	%	#	%	#	%	#	%	#	%
Commercial	10	21%	6	12%	20	42%	12	25%	48	100%
Agricultural	13	48%	5	19%	7	26%	2	7%	27	100%

Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. Commercial and consumer loans originated during the period of July 1996 through March 1998 and HMDA loans originated during the period from January 1996 through March 1998 were reviewed. The following table reflects the comparison of CRB loan distribution to the demographic characteristics of the bank's assessment areas.

Lending in Areas of Different Income Levels within the Assessment Area										
	Low Income Areas		Moderate Income Areas		Middle Income Areas		Upper Income Areas		Total	
Percent of Total Demographic Areas in AA:	11%		33%		30%		26%		100%	
Count:	27		79		70		62		238	
Loan Types	#	%	#	%	#	%	#	%	#	%
Consumer	10	9%	34	29%	34	29%	38	33%	116	100%
Residential	3	2%	47	35%	73	54%	13	9%	136	100%
Commercial	7	7%	31	30%	35	34%	30	29%	103	100%
Total	20	6%	112	31%	142	40%	81	23%	355	100%

Response to Complaints

The bank received no consumer complaints concerning its CRA performance since the July 16, 1996 examination.

Other Pertinent Information

A Fair Lending examination was performed in conjunction with this evaluation and found no evidence of disparate treatment or discriminatory practices.