

## **PUBLIC DISCLOSURE**

October 7, 1999

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First Community Bank, N.A.  
Charter Number 17619  
2200 East Main  
Alice, Texas 78332**

*Supervisory Office:*

**Office of the Comptroller of the Currency  
San Antonio South Field Office  
10101 Reunion Place Blvd, Suite 402  
San Antonio, Texas 78216-4160**

<p><b>NOTE:</b> 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.</p>
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## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency 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 **First Community Bank, N.A., Alice, Texas** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 7, 1999**. 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 **ASatisfactory.**®

First Community Bank, N.A., (FCB) is responsive to the credit needs of its community including low- and moderate-income individuals and areas, and small businesses. The following factors support this conclusion:

- The loan-to-deposit ratio is reasonable given FCB's size and financial condition, and the credit needs of its assessment areas (AAs). FCB's loan-to-deposit ratio has averaged 64 percent for the past 13 quarters and is comparable to similarly situated institutions in the AAs.
- A substantial majority of loans, both in number and dollar volume, are made within the bank's AAs.
- The distribution of borrowers reflects satisfactory penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The geographic distribution of loans is reasonably dispersed throughout the AAs.
- There have been no consumer complaints, regarding the bank's CRA performance, filed during this evaluation period.

## DESCRIPTION OF INSTITUTION

First Community Bank, N.A., a commercial bank, is headquartered in Alice, Texas (in Jim Wells county), with one branch in Benavides, Texas (in Duval county) and two branches in Corpus Christi, Texas (in Nueces county). The Benavides branch is the only financial institution in that small community. FCB opened its downtown Corpus Christi location in 1999. No branches have closed since the prior CRA evaluation. At September 30, 1999, FCB had total assets of \$65 million and \$47 million in loans, representing 71 percent of total assets. Automated teller machines are located at each Corpus Christi branch and the office in Alice. At the prior CRA evaluation, dated August 23, 1996, a **satisfactory** rating was assigned. There are no legal or financial factors impeding the bank's ability to help meet the credit needs of its AAs.

FCB is owned by Coastal Bend Bancshares, Inc., a one-bank holding company with total assets of \$74 million at December 31, 1998, and offers a wide range of deposit services and credit products. The primary loan products include commercial real estate loans, business loans, and 1-4 family residential loans. Competition in Nueces and San Patricio counties is fierce with numerous financial institutions including regional bank branches, federal savings banks, finance companies, and credit unions. To a lesser extent, competition in Jim Wells county is strong with one state bank, and several non-bank financial institutions. There is no competition in the town of Benevides, which is located in Duval County.

A summary of the loan portfolio is shown below:

Loan Portfolio Composition As of September 30, 1999		
Loan Type	Dollar Volume (000's)	% of Loan Portfolio
Commercial Real Estate	14,974	32%
Commercial	14,903	32%
1-4 Family Residential	10,702	23%
Consumer	4,667	10%
Agricultural & Farm Land	1,234	3%
Other	110	<1%
Total	46,590	100%

## DESCRIPTION THE ASSESSMENT AREAS

FCB has designated two AAs. The first AA is the Corpus Christi Metropolitan Statistical Area (MSA), which comprises Nueces and San Patricio counties. The City of Corpus Christi is located along the Gulf of Mexico approximately 160 miles south of San Antonio, Texas. The local economy is good and diversified among the shipping, petrochemical, agriculture, and tourism industries, and military installations. The MSA has 79 census tracts (CTs) which include 8 low-, 16 moderate-, 26 middle-, and 27 upper-income CTs. Two CTs are not defined. According to the 1990 U.S. Census, total population is 349,894 with 89,695 families. Forty percent of the families have low- or moderate-incomes. The Department of Housing and Urban Development updates the median family income (MFI) annually. The 1999 MFI for this AA is \$40,600.

The second AA includes all of Jim Wells and Duval Counties. It is a non-MSA area and includes no low-income block-numbering areas (BNAs). The 1999 MFI is \$33,900. The 1990 population of the AA is 56,597 with 13,019 families. Fifty-one percent of the families have low- and moderate-incomes. Jim Wells County, located 40 miles west of Corpus Christi, includes 7 BNAs, 2 moderate-, 4 middle-, and 1 upper-income. The county's stagnant economy is centered in oil and gas production and agriculture. Duval County, located 60 miles west of Corpus Christi, has 4 BNAs. All are designated moderate-income. Employment opportunities are centered in agriculture and local government.

Both AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income geographies.

We conducted two community contacts with local community development organizations. One of the contacts was located in Corpus Christi and the other in Alice. Both contacts indicated the credit needs in the community are being met by the financial institutions. The Corpus Christi contact stated the community's primary needs are affordable owner-occupied housing and small business loans. The Alice contact confirmed these were needs of the community but also included home improvement loans. Both contacts stated that the banks within the Corpus Christi and Alice areas are active within the community and provide much needed community services.

## **SAMPLING INFORMATION**

Our review included all loan originations on the bank's 1998 and year-to-date 1999 Home Mortgage Disclosure Act - Loan Application Register (HMDA-LAR) and a sample of 80 loans consisting of 20 consumer loans and 20 business loans from each AA for the same time period. We reviewed 608 loans totaling \$40 million in the Corpus Christi MSA and 86 loans totaling \$3.8 million in the Jim Wells/Duval Counties AA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

FCB satisfactorily meets the credit needs of its AA, including low- and moderate-income individuals and areas, consistent with its resources and capabilities.

### **Loan-to-Deposit Ratio**

FCB's loan-to-deposit ratio meets the standards for satisfactory performance with an average loan-to-deposit ratio of 64 percent for the last 13 quarters. The loan-to-deposit ratio has increased since our prior review and was at 77 percent as of September 30, 1999. This loan-to-deposit ratio compares favorably with the ten other similarly sized banks in the AAs. Their loan-to-deposit ratios range from 36 percent to 92 percent.

### **Lending in the Assessment Area**

A substantial majority of loans originated are within the AAs. FCB exceeds the standards for satisfactory performance for lending in its AAs. As shown in the following tables, 84 percent of the number and 94 percent of the dollars of loans were made in the Corpus Christi MSA. Likewise, 98 percent of the number and 99 percent of the dollars of loans were made in the Jim Wells/Duval Counties AA.

<b>Loans in Corpus Christi MSA</b>				
Loan Type	Number	Percent	Amount (000's)	Percent
Residential	563	84	38,559	84
Consumer	17	85	122	89
Business	18	90	966	97
All Loans	598	84	39,647	94

<b>Loans in Jim Wells/Duval Counties AA</b>				
Loan Type	Number	Percent	Amount	Percent
Residential	46	100	2,349	100
Consumer	19	95	103	95
Business	19	95	1,336	98
All Loans	84	98%	3,788	99%

### **Lending to Borrowers of Different Incomes and Businesses of Different Size**

FCB meets the standards for satisfactory performance with a reasonable distribution of loans to individuals with different income levels and businesses of different sizes. FCB's primary product lines are business loans, commercial real estate loans, and 1-4 family residential loans. The distribution generally reflects the income characteristics of the AAs. A comparison of our loan sample to the AA demographic data is detailed in the following tables:

<b>Loan Sample Distribution by Income Group - Corpus Christi MSA</b>										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total # of Families	
Area Demographic Characteristics	24%		16%		19%		41%			
# of Families	21,778		14,397		16,933		36,587		89,695	
Loan Type	#	%	#	%	#	%	#	%	#	%
1998 HMDA-LAR	22	7	78	24	74	23	147	46	321	
YTD 1999 HMDA-LAR	30	12	82	33	62	25	73	30	247	100
Consumer Sample	5	25	2	10	8	40	5	25	20	100
<b>Total</b>	57	10	162	28	144	24	225	38	588	100
Loan Type	\$	%	\$	%	\$	%	\$	%	\$	%
1998 HMDA-LAR	881	4	4,124	19	4,709	22	12,105	55	21,819	
YTD 1999 HMDA-LAR	1,325	8	4,362	25	4,302	25	7,329	42	17,318	100
Consumer Sample	22	16	4	3	75	55	36	26	137	100
<b>Total</b>	2,228	6	8,490	22	9,086	23	19,470	49	39,274	100

Loan Sample Distribution by Income Group - Jim Wells/Duval Counties AA										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total # of Families	
Area Demographic Characteristics	33%		18%		18%		31%			
# of Families	4,293		2,299		2,348		4,079		13,019	
Loan Type	#	%	#	%	#	%	#	%	#	%
1998 HMDA-LAR	1	5	1	5	7	33	12	57	21	
YTD 1999 HMDA-LAR	0	0	4	16	8	32	13	52	25	100
Consumer	7	35	2	10	8	40	3	15	20	100
<b>Total</b>	8	12	7	11	23	35	28	42	66	100
Loan Type	\$	%	\$	%	\$	%	\$	%	\$	%
1998 HMDA-LAR	34	3	16	1	353	31	750	65	1,153	
YTD 1999 HMDA-LAR	0	0	102	9	409	34	685	57	1,196	100
Consumer	21	19	12	11	54	51	21	19	108	100
<b>Total</b>	55	2	130	5	816	34	1,456	59	2,457	100

As shown in the following two tables, the distribution of loans to small businesses is good in both AAs. Our sample reflected that, by number, 75 percent of commercial loans sampled in both AAs were to businesses with annual revenues less than \$1 million. In the Corpus Christi MSA, 73 percent of the businesses are “small” businesses (businesses with gross annual revenues of less than \$1 million). In the Duval County/Jim Wells County AA, 73 percent of the businesses are “small businesses.” In both cases, the bank’s lending to small businesses meets or exceeds the demographics by number of loans. The bank’s performance is slightly below the demographics based on the dollar amount of loans, but this is to be expected because smaller businesses borrow smaller amounts of money.

Lending to Businesses and Farms of Different Sizes - Corpus Christi MSA												
Revenue (000's)	<\$100		\$100-\$250		\$250-\$500		\$500-\$1,000		>\$1,000		Totals	
	#	%	#	%	#	%	#	%	#	%	#	%
<b>Total</b>	3	15	5	25	5	25	2	10	5	25	20	100
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Total</b>	67	7	202	20	437	44	167	17	122	12	995	100

<b>Lending to Businesses and Farms of Different Sizes - Jim Wells/Duval Counties AA</b>												
Revenue (000's)	<\$100		\$100-\$250		\$250-\$500		\$500-\$1,000		>\$1,000		Totals	
	#	%	#	%	#	%	#	%	#	%	#	%
<b>Total</b>	10	50	1	5	1	5	3	15	5	25	20	100
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Total</b>	277	20	57	4	110	8	210	15	714	52	1,368	100

### Geographic Distribution of Loans

FCB meets the standards for satisfactory performance in the geographic distribution of loans. The geographic distribution of loans reflects a reasonable dispersion throughout the bank's AAs. The tables below illustrate the lending distribution in the CTs and BNAs of the two AAs.

<b>Geographic Distribution of Sampled Loans - Corpus Christi MSA</b>			
Income Tract Profile	Distribution of Census Tracts by Number	FCB's Distribution by Number of Loans	FCB's Distribution by Dollar of Loans
Low-Income Tracts	10%	2%	<1%
Moderate-Income Tracts	20%	14%	10%
Middle-Income Tracts	33%	39%	34%
Upper-Income Tracts	34%	45%	56%
<b>Totals</b>	97%	100%	100%

The penetration of loans within the low- and moderate-income areas appears low. However, most low- and moderate-income CTs in the MSA are located in downtown Corpus Christi, which houses office buildings, commercial industry and port activity. There are little or no residential lending opportunities in these areas. In addition, stiff competition limits FCB's penetration of commercial loans with the larger, regional banks attracting the bulk of the commercial activity.

<b>Geographic Distribution of Sampled Loans - Jim Wells/Duval Counties AA</b>			
Block Number Area Profile	Distribution of BNAs by Number	FCB's Distribution by Number of Loans	FCB's Distribution by Dollar of Loans
Low-Income BNAs	0%	0%	0%
Moderate-Income BNAs	55%	27%	20%
Middle-Income BNAs	36%	36%	42%
Upper-Income BNAs	9%	35%	38%
<b>Totals</b>	100%	98%	100%

The penetration of loans within the moderate-income BNAs appears low. Further investigation reveals that the majority of loans are made in the city of Alice located in Jim Wells County. The only two moderate-income BNAs in the county are located on the southwest side of Alice. These BNAs are sparsely populated with few residential properties, limited construction, and few businesses. While FCB represents the only financial institution in Benavides, the economy is stagnant and loan demand is limited.

### **Response to Complaints**

FCB has not received any complaints or public comments regarding its CRA performance during this evaluation period.

### **Record of Compliance with Anti-discrimination Laws**

Our fair lending review did not identify any substantive violations of the antidiscrimination laws or regulations. No practices were detected which are intended to discourage applicants from applying for the types of credit the bank offers. Our sample focused on FHA home purchase applications and consisted of a comparative analysis between six denied Hispanic applicants to 12 White applicants. We also compared the terms of these 12 White approvals to 70 Hispanic approvals. There was no evidence of discrimination or disparate treatment.

This document does not purport to describe all the information that may be pertinent to the bank's activities in, and service to, its community. The reader is encouraged to contact First Community Bank, N.A. for more information and/or to review its CRA Public File. The bank's address is listed on the front of this document. The main telephone number is (361) 888-9130.