



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 10, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Santa Anna National Bank
Charter Number 13854**

**618 Wallis Avenue
Santa Anna, Texas 76878**

**Comptroller of the Currency
1600 Lincoln Plaza
500 North Akard Street
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 **Santa Anna National Bank, Santa Anna, Texas** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 10, 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**.

The lending performance of the Santa Anna National Bank reflects good responsiveness to the credit needs of the community. This is demonstrated by the types of loan products offered and a loan to deposit ratio that compares favorably with other financial institutions in Brown and Coleman counties. A substantial majority of the loans extended are within the bank's identified assessment area. The lending pattern reflects a reasonable penetration among individuals of different income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>SANTA ANNA 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		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans	Distribution not performed as it would not be meaningful		
Response to Complaints	No complaints were received since the prior examination		

DESCRIPTION OF INSTITUTION

Santa Anna National Bank is located in the city of Santa Anna, which is located in Coleman County, Texas. The bank is independently owned and operates one banking facility. As of December 31, 1996, the bank had total assets of \$21 million with \$8 million in total loans. The primary business focus of the bank is commercial lending with 54% of the dollar volume of the loan portfolio centered in agriculture related and commercial businesses. In addition, the bank has 24% of its loan portfolio in real estate related loans centered in single family mortgages. The bank is an active lender in the 1-4 family mortgage loan market. Finally, 22% of the loan portfolio is comprised primarily of small consumer loans.

DESCRIPTION OF ASSESSMENT AREA

The Board has designated both Brown and Coleman Counties as the bank's assessment area. This designation meets the requirements of the regulation and does not arbitrarily exclude any low or moderate income geographies. According to 1990 census data, the counties have a combined population of 44 thousand and a median family income of \$23 thousand. Brownwood is the largest town located in Brown County while Coleman is the largest town located in Coleman County. The town of Santa Anna has a population of approximately 600 residents. Of the 16 block numbering areas in the two counties, one is designated as low income and four are designated as moderate income. The area served is primarily rural. Abilene is located approximately 65 miles north-west, and Brownwood is located approximately 20 miles east of Santa Anna.

The local economy is stable and is primarily centered in farming, ranching and small manufacturing businesses. Major employers in the area include financial institutions, Stempel Manufacturing Co. in Coleman, Ranger Park Inn Nursing Home, Coleman County and Brownwood Regional Hospitals, and local school districts. The primary credit need in the community is for small loans, primarily loans under \$1 thousand. An analysis of the loan distribution (discussed on page 5) indicates Santa Anna National Bank does a good job at servicing this need.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Santa Anna National Bank's lending performance is satisfactory. The bank makes consumer, real estate, 1-4 family mortgage, small business, and agricultural loans throughout the assessment area to individuals with differing income levels. Our review of fair lending regulations revealed no evidence of discriminatory practices, and no violations of the substantive provisions of anti-discrimination laws.

Assessment Area Concentration

A substantial majority of the bank's lending is within the Brown and Coleman County assessment area. We sampled 88 consumer, 23 real estate, and 22 commercial loans. Our analysis indicated 87.12% of the loans extended in 1996 were within the assessment area. Additionally, the bank's internal analysis indicated that 83.01% of loan originations in 1996 were within the assessment area.

Loan to Deposit Ratio

Within the bank's assessment area, competition consists of two national banks, a branch of a large regional bank, five state banks, and two branches of a savings and loan. With a loan-to-deposit ratio of 74.19% as of December 31, 1996, Santa Anna National Bank reflects good performance when compared to these institutions which range from 9% to 80%. The bank's average ten quarter loan-to-deposit ratio is 74.74%.

Geographic Distribution of Loans

Santa Anna National Bank's loan distribution reflects a reasonable penetration among borrowers of different income levels. The bank does not obtain income information on a majority of its loan customers. We conducted a random sampling of loans with the loan size an indicator of income levels of loans originated in 1996. Higher income levels were represented with larger dollar loans and lower income levels were represented with smaller dollar loans. The results of this sample indicated that 67% of these loans were extended to borrowers with low or moderate income levels. The sample of commercial loans indicated that 100% were extended to small business borrowers with gross revenues less than \$1 million.

Santa Anna National Bank is making a significant effort to meet the needs of the low and moderate income borrowers through the extension of low-dollar loans. The bank does not have a minimum loan amount requirement. Our analysis indicated that in 1996, 35% of loans originated were under \$1 thousand, and 15% of loan originations were under \$500.

A geographic distribution analysis was not performed during this examination as it would not be meaningful. A drive through the two county assessment area did not reveal any areas exclusive to one income group. Although a specific analysis was not performed, it did not appear that any area had been arbitrarily excluded from receiving loans.

Response to Substantiated Complaints

Santa Anna National Bank has received no complaints during the evaluation period concerning its performance in meeting assessment area credit needs.