



PUBLIC DISCLOSURE

January 5, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Summit National Bank
Charter Number 16422**

**1300 Summit Avenue
Fort Worth, Texas 76113**

**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 CRA performance of **Summit National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 5, 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 ***Satisfactory***.

Summit National Bank's (SNB) lending performance reflects satisfactory responsiveness to the credit needs of the community served. This assessment is based on the following:

- < The loan-to-deposit ratio is reasonable and comparable to the ratios of area banks in the assessment area.
- < The substantial majority of 1997 and 1998 loan activity occurred within the bank's assessment area.
- < The distribution of loans demonstrates reasonable penetration among individuals of different income levels and businesses of different sizes.
- < The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Summit 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		U	
Lending in Assessment Area	U		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		U	
Geographic Distribution of Loans		U	
Response to Complaints	The bank has not received any complaints regarding its CRA performance since the prior CRA examination.		

DESCRIPTION OF INSTITUTION

SNB is located in downtown Fort Worth, Texas. As of December 31, 1998, SNB reported total assets of \$220 million. In addition to the main office, SNB has a mobile branch which began operations in late 1997. Banking facilities also include a drive-in location and an automated teller machine (ATM). SNB offers convenient banking hours and has a variety of loan and deposit products to meet the needs of the community. The mobile branch provides banking services to three local assisted care/living facilities in the assessment area. These facilities are located in moderate, middle, and upper income census tracts, while the main bank is located in a moderate income census tract.

SNB is 100% owned by Summit Bancshares Incorporated (SBI), a multi-bank holding company also located in downtown Fort Worth, Texas. SBI also owns Summit Community Bank (SCB) in Fort Worth, Texas. SBI reported total assets of approximately \$528 million as of December 31, 1998.

SNB's asset mix consists of 51% loans and 36% investment securities. The primary product focus is small business and commercial real estate loans. The loan portfolio is comprised primarily of commercial loans, 58%, commercial real estate loans, 29%, with loans to individuals and 1-4 family mortgage loans at 7% and 6% respectively. The bank is not a significant participant in the SBA guaranteed loan program, however, most applicants for this type of credit are referred to SCB. Limited expertise and resources prevent the bank from being a high volume mortgage lender. Mortgage loans are not actively marketed and the majority of these loans made are made as accommodations to existing customers.

SNB's financial condition does not inhibit its ability to meet credit needs in its assessment area. Additionally, the bank has no legal impediments that would inhibit its ability to meet community credit needs.

DESCRIPTION OF THE ASSESSMENT AREA

SNB's assessment area is defined as Tarrant County, which is part of Fort Worth-Arlington Metropolitan Statistical Area (MSA). There are 269 census tracts (CT's) in the assessment area which are identified in the chart below.

Income Distribution of Census Tracts and Families															
Low Income				Moderate Income				Middle Income				Upper Income			
CT's		Families		CT's		Families		CT's		Families		CT's		Families	
28	10%	14,137	5%	66	25%	73,578	24%	92	34%	116,199	37%	83	31%	105,530	34%

Source: 1990 U.S. Census

Tarrant County is located in North Central Texas with Fort Worth serving as the county seat. The 1990 U.S. Census reports a population of 1.2 million, however, Tarrant County has experienced significant population growth over several years. By mid-1997 the population was estimated to be 1.6 million with most of the growth taking place north of Fort Worth.

The median family income (MFI) for the county is \$37,571. This income figure is used to determine the income level of individual CT's. The 1998 Department of Housing and Urban Development (HUD) Updated MFI for Tarrant County is \$52,000. This income figure is used to determine the income level categories of individual applicants.

SNB's primary trade area is the assessment area. Major industries, and employers, include aviation, technology, railroad and defense. The 1990 Business Demographic Data shows 868 farms and 49,554 business in Tarrant County of which 765 (88%) farms and 36,452 (74%) business reported gross annual revenues less than \$1 million.

The Tarrant County economy is prospering. The 1997 unemployment rate for the county is 2.9%, while the state and national rates are 4.6% and 5% respectively.

Information about community needs were obtained from prior community contacts. According to these contacts, there were no unmet credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio -

The loan-to-deposit (L/D) ratio gauges the institution's volume of lending in comparison to other institutions of similar size, capacity, and location in the assessment area. SNB's L/D ratio is satisfactory and comparable to area competing banks. There are 26 stand-alone state and national banks in the assessment area. This figure does not include branches of large regional banks. It also does not include savings and loan and credit union facilities. SNB's average L/D ratio since September 30, 1996 is 63.5% compared to the range of 25.2% to 81.8% for the 26 competing banks over the same period of time.

Loans within the Assessment Area -

A substantial majority of the bank's loans are within the assessment area. Annually, the bank performs an analysis of lending activity. This includes a comparison of the activity within the assessment area to activity outside the area. The following table illustrates the results of the internal analysis.

Assessment Area:	1997 Loan Activity				1998 Loan Activity			
	#	%	\$ (000's)	%	#	%	\$ (000's)	%
Inside	1,126	78.8	64,735	86.1	1,077	81.2	74,098	82.9
Outside	303	21.2	10,458	13.9	250	18.8	15,277	17.1

Loan to Borrowers of Different Income Levels -

The bank demonstrates satisfactory lending performance in the distribution of loans to borrowers of different income levels. Borrower income is gathered and analyzed during the loan process, however, it is not monitored for CRA analysis. To assess this factor, we reviewed a sample of consumer, consumer real estate, and business loan files to accumulate sufficient information to reach a conclusion. Our analysis reflects a satisfactory penetration of lending to individuals of different income levels as well as to small businesses.

Income Distribution by Income Level				
Income Level	Low	Moderate	Middle	Upper
# of Loans - Consumer & Consumer Real Estate	11	23	15	84
% of Total	8.3	17.3	11.3	63.2
% of Families in the Assessment Area	4.6	23.8	37.6	34.0

The bank only received a total of 59 applications for purchase of 1-4 family residences, home improvements and loan refinancings which represents only 4.5% of all loans extended in 1998. As indicated earlier, SNB is a commercial bank and does not have the expertise or resources to be a high volume mortgage lender.

Contributing to the satisfactory efforts in this category is the bank's willingness to make small dollar loans for basic living needs. The bank has no minimum loan amount and recognizes the need for this type of credit. This need is significant given the number of families within the assessment area at or below poverty level. We found many small dollar loans were generally made to low- and moderate-income borrowers who cannot qualify for credit card loans. In 1998, the bank extended 84 loans with originating balances less than \$2,500, representing 13.7% of the total number of consumer loans extended in 1998.

In reviewing small business loans, we obtained income information on 34 entities. We found that 19, or 55.9%, were to businesses with annual revenues of \$1 million or less indicating satisfactory efforts to assist the small business community. The bank also extended 4 community development loans in 1998, all to start-up businesses. These loans promoted economic development by financing businesses with annual gross revenues of less than \$1 million. Two of these businesses are located in low income CT's, and 1 each in middle and upper income CT's.

Geographic Distribution of Loans -

The bank performs an annual geographic distribution of the lending activity. Based on this distribution, the banks performance in this category is satisfactory. The results of the distribution is noted in the following table.

1997 & 1998 Assessment Area Geographic Distribution					
	Low	Moderate	Middle	Upper	Total
Assessment Area Census Tracts	28	66	92	83	269
% of Total	10.4	24.5	34.2	30.9	100.0
1997 Originations:					
Number of Loans	111	296	412	307	1,126
% of Total	9.9	26.3	36.5	27.3	100.0
1998 Originations:					
Number of Loans	134	249	430	263	1,076
% of Total	12.5	23.1	40.0	24.4	100.0

Response to Complaints -

The bank has not received any complaints regarding its CRA efforts, or performance, since the prior CRA examination.

ADDITIONAL INFORMATION

Discrimination or Other Illegal Credit Practices

We performed a fair lending examination at the same time as our review of CRA. We noted no instances of discrimination or disparate treatment of borrowers from this review. We also noted the bank to be in compliance with antidiscrimination laws.