



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

June 3, 2002

### Community Reinvestment Act Performance Evaluation

First Victoria National Bank  
Charter Number: 10360

101 South Main Street  
Victoria, TX 77901

Office of the Comptroller of the Currency  
San Antonio – South Field Office  
10101 Reunion Place Blvd, Suite 402  
San Antonio, TX 78216

**NOTE:** This document is an evaluation of this 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. This evaluation is not, and should not 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.

## Table of Contents

<b><u>OVERALL CRA RATING</u></b> .....	1
<b><u>DEFINITIONS AND COMMON ABBREVIATIONS</u></b> .....	2
<b><u>DESCRIPTION OF INSTITUTION</u></b> .....	5
<b><u>SCOPE OF THE EVALUATION</u></b> .....	6
<b><u>FAIR LENDING REVIEW</u></b> .....	8
<b><u>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS</u></b> .....	9
<u>LENDING TEST</u> .....	9
<u>INVESTMENT TEST</u> .....	14
<u>SERVICE TEST</u> .....	15
<b><u>APPENDIX A: SCOPE OF EXAMINATION</u></b> .....	A-1
<b><u>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS</u></b> .....	B-1
<b><u>APPENDIX C: TABLES OF PERFORMANCE DATA</u></b> .....	C-1

## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **First Victoria National Bank (FVNB)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels reflect an adequate responsiveness to the credit needs of the bank’s assessment areas (AAs).
- FVNB’s distribution of loans among geographies of different income levels is adequate.
- The Bank has made an adequate number of community development loans.
- The level of qualified investments is good considering the limited opportunities available.
- FVNB’s offices are easily accessible by geographies and individuals of different income levels.
- FVNB provides a good level of community development services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings, and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

First Victoria National Bank (FVNB) is an intrastate bank based in Victoria, Texas. Total assets as of March 31, 2002 were \$657 million. The bank has seven branches; three located in the city of Victoria, one in the city of Edna, one in the city of Ganado, one in the city of Port Lavaca, and one in the city of Taft. FVNB is a subsidiary of FVNB Corporation, a holding company headquartered in Victoria, Texas. FVNB Corporation also owns CBOT Financial Corporation, the parent company of Citizen's Bank of Texas, N.A. and Citizens Mortgage Company. Consolidated holding company assets are \$750 million as of March 31, 2001.

The bank has three assessment areas (AAs). All areas consist of whole geographies, do not reflect illegal discrimination, do not arbitrarily exclude low- and moderate-income geographies, and overall meet the requirements of the CRA regulation. The AAs are: Victoria County MSA, San Patricio County MSA, and Jackson/Calhoun Counties non-MSA.

FVNB offers a full range of credit products, depository accounts, trust services, and retail non-deposit investment services. The bank's primary lending focus is providing small loans to farms and businesses. FVNB is the leader in Victoria County MSA for originating small loans to businesses and farms.

The net loan portfolio is \$414 million or 62 percent of total assets. Commercial and commercial real estate loans total \$155 million or 37 percent of net loans. Agricultural loans total \$111 million or 27 percent of net loans, residential loans total \$94 million or 23 percent of net loans, and consumer loans total \$58 million or 14 percent of net loans.

At March 31, 2002, the bank's loan-to-deposit ratio measured 72 percent. The return on assets was 1.40 percent and the Tier 1 Capital Leverage Ratio was 7.61 percent. Based on the bank's financial condition, size, product offerings, and branch configuration, there are no legal, financial, or other factors that inhibit its ability to help meet the credit needs in its AAs.

During the evaluation period, FVNB's strategic plan has been to provide a wide array of financial services to consumers and small businesses, and to provide excellent customer service within its market areas. The bank offers a variety of loan products, including, but not limited to residential mortgages, home equity, home improvement, construction, commercial mortgages, and personal loans.

In April 2000, FVNB acquired Mid-Coast Savings Bank and two banking locations – one in Ganado and one in Edna. These locations are now branches of FVNB.

FVNB leads all institutions in the Victoria County MSA in terms of deposits market share with 37 percent of the market. The bank has nominal market shares in the San Patricio County MSA and in the Jackson/Calhoun Counties non-MSA, which are ranked seventh/9 percent of deposits and sixth/8 percent of deposits, respectively. These rankings are based on data from the FDIC Deposits Market Share reports as of June 30, 2001.

The last CRA examination, dated May 10, 1999, assigned a "Satisfactory" rating to the bank. A review of OCC records, as well as the bank's CRA Public File, did not reveal any complaints relating to the bank's CRA performance.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Conclusions regarding the Lending Test are primarily based on data collected for calendar years 1999, 2000, and 2001. The evaluation period of the Investment Test, the Service Test, and community development loans runs from May 11, 1999 through June 3, 2002, the period since the prior CRA evaluation. The evaluation of the bank's performance under the Lending Test includes HMDA-reportable, small business, small farm, and community development loans. The Investment Test conclusions are based on evaluation of qualified community development investments, grants, and donations. Retail banking products and services, and community development services are evaluated for purposes of rating the bank's performance under the Service Test.

### Data Integrity

HMDA, small business, and small farm loan data was reported by FNB for 1999, 2000, and 2001. During a January, 2002 review of the integrity of loan and other CRA-related data, material errors were noted in small business and small farm data for 2000 and for data collected for 2001 but not yet reported. The errors were in reporting the revenues of customers who received small business and small farm loans in 2000 and 2001. Correct data for 2001 was submitted timely, but 2000 data had already been submitted and disclosed to the public prior to testing, resulting in some inaccurate market share data for loans to small businesses and small farms. Therefore, in this evaluation, we adjusted market share information for 2000 and recalculated market position, as it relates to small business/small farm lending by revenue level of the customer. We considered existing market share data for 2000, as it relates to small business/small farm lending by geography.

Small business and small farm data for 1999 and 2001, as well as HMDA data for all periods under review, were sufficiently accurate and any related market share data is used in this evaluation. In all cases only corrected data was used.

### Selection of Areas for Full-Scope Review

The Victoria County MSA AA received a full-scope review primarily because a substantial majority of the bank's business is based in this AA. The three Victoria County branches account for 88 percent of the bank's deposits and 72 percent of the loan originations in assessment areas since the last CRA evaluation.

The San Patricio County AA and the Jackson/Calhoun Counties non-MSA AA received limited scope reviews because they represent a smaller part of the bank's business. FVNB operates one branch in San Patricio County, which accounts for 7 percent of deposits and 9 percent of loan originations. The branch in Calhoun County and the two branches in Jackson County collectively, account for 5 percent of deposits and 19 percent of loan originations. The Jackson County branches are still relatively new for FVNB. They were opened during the evaluation period in 2000 when FVNB bought Mid-Coast Savings Bank.



## **Ratings**

The bank's overall rating is based primarily on the bank's performance in the Victoria County MSA AA, which received a full-scope review. FVNB's performance in limited-scope AA's was considered, but not weighted heavily in determining the ratings.

## **Other**

The OCC contacted one community-based organization in the Victoria MSA. The primary credit need is loans for small business purposes and the secondary need is affordable housing lending. Community development investment opportunities were described as being limited in the Victoria County MSA, but with potential for improvement due to the November 2001 designation of a HUD Enterprise Zone in the City of Victoria.

## **Fair Lending Review**

An analysis of recent public comments and consumer complaint information, HMDA, small business, and small farm lending data was performed according to the OCC's risk-based fair lending approach. Based on its analysis of the information, the OCC decided a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The last comprehensive fair lending examination was performed May 10, 1999.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Low Satisfactory". Based on the bank's performance context and the full scope review of the Victoria County MSA AA, the bank's overall lending performance is good.

#### Lending Activity

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

FVNB's primary business strategy focuses on agricultural and commercial lending. As a result, this evaluation emphasized loans to small businesses and small farms in assessing the bank's lending performance. Home mortgage loans were emphasized to a lesser degree as they make up a smaller share of the bank's line of business.

#### **Victoria County MSA AA:**

The bank's lending performance in the Victoria County MSA shows its leadership position in small business and small farm lending. In the Victoria County MSA, the bank ranks first in terms of loan numbers and dollars for both small business lending (19 percent of the market) and small farm lending (87 percent of the market). This lending performance is consistent with FVNB's top deposit market rank and market share of 37 percent. The bank's lending performance in home mortgage lending is adequate. Home refinance lending (111 loans in 2000) is ranked fourth with an 8 percent share. A national mortgage company that has a 15 percent market share leads the competitive home refinance lending market. The market for loans to purchase or improve homes is led by a state savings bank with 14 loans and a 34 percent share and followed by a national mortgage company with a 29 percent share. FVNB is third with a 9 percent market share. The home mortgage lending rankings confirm that this type of lending is not the bank's primary business focus.

#### Distribution of Loans by Income Level of the Geography

The overall distribution of loans by income level of geographies is adequate. FVNB has made home mortgage related loans in a majority of all census tracts within the MSA. There are no unexplained conspicuous gaps in the lending in this AA. However, no home mortgage loans were made in the one low-income census tract in Victoria County. Management's explanation for this is that this tract is located in an area of Victoria where there has not been a lot of housing turnover, growth is stagnant, and there has been no new development. In addition, the low-income tract and some moderate-income tracts are either in or partially in flood areas. New construction in the low-income tract has been virtually non-existent due to many

properties being condemned as result of the damage caused by a major flood in 1998. Many of the homeowners who lost their homes in the flood were uninsured.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

### **Victoria County MSA AA**

#### **Home Purchase Loans:**

The bank's geographic distribution of home purchase loans is adequate in the Victoria County MSA. The bank has made no home purchase loans in the AA's one low-income census tract. Opportunities to lend in the low-income census tract are extremely limited. There are very few owner occupied units in the tract and there is a lack of lots available for new construction. A significant mitigating factor is that the tract is bordered by the Guadalupe River and is in a flood zone. After the 1998 flood, FEMA offered a buyout program to homeowners to prevent rebuilding in the area. The bank's distribution of home purchase loans is lower than the percent of owner-occupied housing units in moderate-income census tracts. The bank's market share in the moderate-income tracts is somewhat lower than its overall market share in Victoria County.

#### **Home Improvement Loans:**

The bank's geographic distribution of home improvement loans in the Victoria County MSA AA is adequate. The bank has made no home improvement loans in the AA's one low-income census tract. Opportunities to make home improvement loans are limited as previously detailed. The bank's distribution of home improvement loans in the moderate-income tracts is lower than the percentage of owner-occupied units. The bank's market share in these tracts is lower than its overall market share in Victoria County.

#### **Home Refinance Loans:**

The bank's geographic distribution of home refinance loans in the Victoria County MSA AA is adequate. The bank has made no home refinance loans in the AA's one low-income census tract. Opportunities to make home refinance are limited as previously detailed. The bank's distribution of home refinance loans in the moderate-income census tracts is somewhat lower than the percentage of owner-occupied units. The bank's market share in moderate-income tracts exceeds its overall market share in Victoria County.

#### **Multi-Family Loans:**

An evaluation of the geographic distribution of multi-family loans in the full scope AA is not meaningful due to the lack of loan originations of this type by the bank and other lenders in this market.

### ***Small Loans to Businesses***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

FVNB's geographic distribution of small business loans in the Victoria County MSA AA is adequate. The percentage of the bank loans to small businesses is below the percent of businesses in the one low-income tract. The percentage of small business loans is below the percentage of small businesses in the moderate-income census tracts. The bank's market share in the low-income tract exceeds the overall market share. The bank's market share in the moderate-income tract is equal to the overall market share.

### ***Small Loans to Farms***

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The bank's geographic distribution of small loans to farms is good in the Victoria County MSA AA. Small farm lending in low-income CTs is lower than the percentage of farms located in these CTs. Small farm lending in moderate-income CTs is significantly lower than the percentage of farms located in these CTs. However, all lenders combined reported ten small farm loans in the one low-income tract, and the bank originated two of them during the evaluation period. While loan originations by all lenders are low in moderate-income tracts, FVNB ranks first in market share. There are no unexplained conspicuous gaps in small farm lending activity in this AA.

### **Lending Gap Analysis**

Maps and reports detailing FVNB's lending activity over the evaluation period for home mortgage loans and small loans to businesses and farms were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A majority of the home mortgage loans, small loans to businesses and farms, and community development loans originated/purchased by FVNB over the evaluation period were within its AAs. Approximately 65 percent of the bank's home mortgage loans, 81 percent of the small business loans, and 62 percent of small farm loans were originated in the bank's AA's. This performance was positively factored into the overall analysis of the geographic distribution of lending.

### **Distribution of Loans by Income Level of the Borrower**

FVNB's overall distribution by income level of borrower is adequate.

## ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### **Victoria County MSA AA:**

Opportunities for extending home purchase loans to low-income borrowers are limited by the fact that 17 percent of the households in the Victoria County MSA are below the poverty level. This also indicates that opportunities for home improvement and home refinance loans are limited.

### **Home Purchase Loans:**

The bank's distribution of home purchase loans by borrower income levels is adequate in the Victoria County MSA AA. The percentage of home purchase loans to low-income borrowers is lower than the percentage of low-income families in the AA. But this is mitigated by the limited lending opportunities to borrowers at this income level. The percentage of home purchase loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. The bank's market share of home purchase loans to low- and moderate-income families is lower than the bank's overall market share.

### **Home Improvement Loans:**

The bank's distribution of home improvement loans by borrower income levels is good in the Victoria County MSA AA. The percentage of home improvement loans to low-income borrowers is below than the percentage of low-income families in the AA. But this is mitigated by the limited lending opportunities to borrowers at this income level. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The bank's market share of home improvement loans to low- and moderate-income borrowers is somewhat lower than the bank's overall market share.

### **Home Refinance Loans:**

The bank's distribution of home refinance loans by borrower income levels is good in the Victoria County MSA AA. The percentage of refinance loans to low-income borrowers is lower than the percentage of low-income families in the AA. The percentage of refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The bank's market share of home improvement loans to low-income families is lower than the bank's overall market share, and the bank's market share of refinance loans to moderate-income families exceeds the bank's overall market share.

## ***Small Loans to Businesses***

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The bank's lending to small businesses in the Victoria County MSA AA is adequate. The percentage of bank loans to businesses with revenues less than \$1 million is lower than the

percentage of businesses in the AA with revenues of \$1 million or less. But, FVNB's market share of loans to businesses with revenues \$1 million or less exceeds its overall market share. It is noted that the bank is active in making small loans to businesses, as a substantial majority (87 percent) of small business loans originated by FVNB is in amounts less than \$100,000.

### ***Small Loans to Farms***

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The bank's lending to small farms with revenues of \$1 million or less is adequate. The percentage of bank loans to farms with revenues of \$1 million or less is than the percentage of farms with revenues of \$1 million or less. However, FVNB dominates the market share of loans to small farms. It is noted that the bank is active in making small loans to farms, as a substantial majority (90 percent) of small farm loans originated by FVNB is in amounts less than \$100,000.

### **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

FVNB's community development lending performance is adequate with all of the bank's community development lending occurring in the Victoria County MSA. Of the seven qualified loans totaling \$448,626, five loans totaling \$383,968 were for affordable housing, one loan totaling \$33,500 was to facilitate the provision of community development services, and one loan totaling \$31,158 was for revitalization and stabilization. Affordable housing was identified as a secondary need in this AA.

#### **Below are examples of FVNB's CD lending activity:**

A loan was made to a nonprofit affordable housing corporation, which provides housing assistance for low- and moderate-income families. The loan's primary purpose is to improve and rehabilitate 12 units, which were then leased to low- and moderate-income families as part of the housing assistance program.

A loan was made to a nonprofit affordable housing corporation whose purpose is to contract the construction of affordable custom homes. The loan's primary purpose is for construction costs. The bank finances the interim construction loans with the long term financing provided by mortgage companies.

A working capital loan was made to a nonprofit affordable housing corporation, which provides affordable housing for low- and moderate-income families.

## Product Innovation and Flexibility

The bank did not report any major innovative or flexible loan products.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Jackson/Calhoun Counties non-MSA and the San Patricio County AA is not inconsistent with the bank's overall "Low Satisfactory" rating performance under the Lending Test. Refer to Tables 1 through 11 in appendix C for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Victoria County MSA AA is good.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period FVNB funded \$447 thousand in qualified investments, grants, and donations in the Victoria County MSA. The most significant is described below:

**Independent Bankers Capital Fund, L. P.**, a qualified Small Business Investment Company (SBIC). The bank made three capital contributions totaling \$507 thousand during the evaluation period. An unfunded portion of \$1.493 million remains out of a \$2 million commitment, which is the largest of the 58 investors in this SBIC. The bank made this commitment because of the lack of community development investment opportunities in the bank's AAs. FVNB's commitment represents an equity interest in the SBIC of 8.658 percent. Since its inception in November 1999, this SBIC has funded \$7.3 million in loans in Texas, none of which are in the bank's AA's. This investment is in the broader, statewide area that includes the Victoria County MSA, but has yet to directly benefit the bank's AA. However, positive consideration is accorded under the investment test because the bank has adequately addressed the community development investment needs of its AA during the evaluation period. This investment is not considered complex or innovative.

The bank has made grants to a number of qualifying community development organizations whose primary purposes are providing community services for low- and moderate-income individuals. The more notable include The Boys and Girls Club of Victoria County, Victoria Adult Literacy, The Community Food Bank, and Habitat for Humanity. Grants to these organizations are routinely provided by others in the AA. FVNB also made a donation to the American Red Cross fund that is targeted to help in the recovery efforts arising from the terrorist attacks in New York City and Washington, D.C. While this donation is an out-of-area grant, FVNB's commitment to community efforts is recognized. None of these donations is considered complex or innovative.



## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited scope reviews, the bank's performance under the investment test in the San Patricio County and the Jackson/Calhoun Counties limited scope areas is not inconsistent with the bank's overall "High Satisfactory" performance under the investment test.

Refer to Table 14 in appendix C for the facts and data used to support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "High Satisfactory" based on a full-scope review of the Victoria County MSA AA. All services are easily accessible to individuals and geographies of different income levels within this AA.

### **Retail Banking Services**

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FVNB is a full-service bank offering a wide variety of loan and deposit products. Products offered are substantially the same at all branch locations. Banking hours and services are convenient and facilitate access to banking products and services.

FVNB's delivery systems in the Victoria County MSA are well disbursed by geography and consistent with population demographics. An evaluation of the banking office locations found them to be reasonably accessible to individuals and geographies of different income levels, particularly low- or moderate-income CTs. The main bank is located in a moderate-income tract, which is bordered by the one low-income CT and three moderate-income CTs. There have been no branch openings or closings in the Victoria County MSA AA during the evaluation period.

## **Alternative Delivery Systems**

FVNB has several alternate delivery systems for of its products and services. These include banking by mail, telephone banking - including a toll-free number, Internet banking, and automated teller machines (ATMs). None of these services are considered to be innovative; however, they provide an alternate means for conducting banking business without the need to go to a banking office. The ATM distribution is considered to be excellent when compared to population demographics. Seven of the bank's ten ATMs, or 70 percent, in the Victoria MSA are located in moderate-income tracts, while low- and moderate-income tracts represent only 38 percent of the total tracts. Additionally, four ATMs are located in close proximity to the one low-income tract in the MSA. No data was available to determine the effectiveness of the bank's alternate delivery systems to low- and moderate-income individuals and geographies.

Therefore, the impact of these systems did not provide significant weight when evaluating the bank's overall performance under the service test.

## **Community Development Services**

The community development (CD) services that FVNB has provided during the evaluation period have had an overall positive impact on the evaluation of the bank's services under this test. CD services include providing technical assistance on financial matters to non-profit organizations that serve low- and moderate-income individuals/families and to other groups or small businesses that promote revitalization, provide community services, or affordable housing. FVNB provides a high level of financially related services to organizations/groups that provide services targeting low- and moderate-income persons. Bank officers serve in leadership positions within many of these organizations.

The bank has also provided numerous agricultural-related seminars in the Victoria area, since this is a major line of business. These seminars are targeted to agricultural issues that confront the small farmers and ranchers in the Victoria County MSA who are the clear majority in this MSA.

### **Below are examples of the bank's involvement in community development services in the Victoria MSA:**

**Habitat for Humanity** - This organization seeks to provide suitable housing to those unable to afford it. In August 1999, the bank accepted responsibility for receiving and processing mortgage payments on houses built by Habitat for Humanity, including printing coupon books and processing insurance and tax payments. Additionally, several bank officers have served in various capacities within the organization, including board members, fund raising committee members, and family selection committee members.

**Perpetual Home Help** - This agency provides assistance to low-income women upon their release from prison. Services provided include assistance with housing, financial planning and reestablishment within the community. Three bank vice-presidents have served on the board and various committees, including the fund raising committee.

**Missionary Catechists for the Sacred Hearts of Jesus and Mary** - This is a convent that provides various services to low- and moderate-income families and victims of disaster. A bank officer provides assistance with budgeting and financial reporting.

**Victoria Community Food Bank** - This organization benefits various groups and agencies whose primary purpose is to serve low- and moderate-income and underprivileged individuals and families. Organizations benefiting from the food bank include Victoria Christian Assistance Ministry, Salvation Army, Martha's Kids, and Red Cross. A bank officer has served in various capacities with the food bank, including Chairman of the Board and finance committee member.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Jackson/Calhoun Counties non-MSA AA and the San Patricio MSA AA is not inconsistent with the bank's overall "High Satisfactory" performance under the Service Test. Refer to Table 15 in appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/99 to 12/31/01) Investment and Service Tests and CD Loans: (05/11/99 to 06/03/02)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First Victoria National Bank (FVNB) Victoria, Texas	Small loans to businesses Small loans to farms HMDA loans CD loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Victoria County MSA San Patricio County MSA Calhoun/Jackson Counties non-MSA	Full Scope Limited Scope Limited Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

<a href="#">Victoria County MSA</a> .....	B-2
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## Victoria County MSA

Demographic Information for Full-Scope Area: Victoria County MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	21	4.8	33.3	42.9	19.0	0
Population by Geography	74,361	3.3	28.4	42.6	25.7	0
Owner-Occupied Housing by Geography	16,943	2.8	23.9	44.6	28.7	0
Businesses by Geography	3,674	1.6	46.8	24.6	27.0	0
Farms by Geography	76	1.1	25.0	43.2	30.7	0
Family Distribution by Income Level	20,033	23.8	15.8	20.6	39.8	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,940	5.3	39.0	43.3	12.3	0
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$31,686 = \$47,300 =17.2	Median Housing Value Unemployment Rate				= \$52,506 = 3.02%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The Victoria County MSA AA contains one low-, seven moderate-, nine middle-, and four upper-income CTs. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income census tracts. The main office and two branches are located in this AA. The main office is located in a moderate-income census tract, while the two branches are located in upper-income census tracts. The Victoria County MSA AA accounts for approximately 88 percent of the combined AA deposit base.

Significant loan and deposit competitors in the area include, but are not limited to, a local financial institution (FirstCapital Bank), local branches of other large financial institutions (Wells Fargo Bank, International Bank of Commerce, and Bank of America), credit unions, and small finance companies. Lender market share reports for 2000 indicate the bank obtained the largest market shares for small business (19 percent) and small farm lending (87 percent). FVNB also ranks high among local lenders in market shares for home purchase loans (8 percent) and home improvement loans (9 percent). Based on data from the FDIC's Summary of Deposits, Market Share Report for Victoria County as of June 30, 2001, FVNB maintains the largest deposit market share with 37 percent of the deposits in the AA.

Major employers include Victoria Independent School District, Inteplast Group, and Formosa Plastics. Other major economic and employment sectors include medical, construction, banking, trades, and service industries. The Texas Workforce Commission estimates the unemployment rate for the Victoria County MSA at 4.8 percent for April 2002.

Approximately 33 percent of the households in the Victoria County MSA receive social security (25 percent) or public assistance (8 percent). The 1990 Census indicates approximately 90 percent of the total housing units are occupied with 58 percent owner-occupied.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to



businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the

number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

The Following tables are not included in this public disclosure because they contain no data: Table 1–Other Products, 5, and 13.

### Table 1. Lending Volume

LENDING VOLUME		GEOGRAPHY:								Evaluation Period: January 1, 1999 To December 31, 2001			
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)		
<b>Full Review:</b>													
Victoria County MSA	72.08	310	27,394	1,715	110,989	838	33,318	7	449	2,870	141,765	87.62	
<b>Limited Review:</b>													
Jackson/Calhoun Counties non-MSA	19.06	83	5,676	287	19,962	387	26,891	0	0	757	52,529	5.47	
San Patricio County MSA	8.86	11	751	127	12,240	214	23,031	0	0	352	36,022	6.91	

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from May 11, 1999 to June 3, 2002.

\*\*\* Deposit Data as of June 4, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

## Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		GEOGRAPHY:						Evaluation Period: January 1, 1999 To December 31, 2001							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Victoria County MSA	246	76.40	2.80	0.00	23.89	12.60	44.61	32.52	28.70	54.88	7.92	0.00	5.68	5.27	11.88
<b>Limited Review:</b>															
Jackson/Calhoun Counties non-MSA	67	20.81	0.00	0.00	0.00	0.00	80.93	68.66	19.07	31.34	8.36	0.00	0.00	7.92	9.86
San Patricio County MSA	9	2.80	9.26	0.00	30.64	33.33	42.94	11.11	17.16	55.56	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southwest Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography:				Evaluation Period: January 1, 1999 To December 31, 2001					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ*** Units	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Victoria County MSA	36	83.72	2.80	0.00	23.89	13.89	44.61	50.00	28.70	36.11	9.33	0.00	3.57	8.82	14.29	
<b>Limited Review:</b>																
Jackson/Calhoun Counties non-MSA	5	11.63	0.00	0.00	0.00	0.00	80.93	80.00	19.07	20.00	6.52	0.00	0.00	4.88	20.00	
San Patricio County MSA	2	4.65	9.26	0.00	30.64	100.00	42.94	0.00	17.16	0.00	0.60	0.00	2.27	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Southwest Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography:				Evaluation Period: January 1, 1999 To December 31, 2001					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ*** Units	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Victoria County MSA	28	71.79	2.80	0.00	23.89	17.86	44.61	42.86	28.70	39.28	2.82	0.00	3.51	1.69	3.70	
<b>Limited Review:</b>																
Jackson/Calhoun Counties non-MSA	11	28.21	0.00	0.00	0.00	0.00	80.93	90.91	19.07	9.09	3.49	0.00	0.00	4.84	0.00	
San Patricio County MSA	0	0.00	9.26	0.00	30.64	0.00	42.94	0.00	17.16	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Southwest Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

### Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography:				Evaluation Period: January 1, 1999 To December 31, 2001					Market Share (%) by Geography				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans						
<b>Full Review:</b>																
Victoria County MSA	1,715	80.55	1.55	0.99	46.79	35.86	24.63	30.90	27.03	32.25	18.87	24.00	18.86	19.24	20.37	
<b>Limited Review:</b>																
Jackson/Calhoun Counties non-MSA	287	13.48	0.00	0.00	0.00	0.00	76.34	82.93	23.66	17.07	10.10	0.00	0.00	11.22	7.03	
San Patricio County MSA	127	5.97	10.81	1.57	38.42	84.25	36.12	8.66	14.65	5.52	3.13	0.00	8.50	1.58	0.00	

\* Based on 2000 Peer Small Business Data: U.S.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography:								Evaluation Period: January 1, 1999 To December 31, 2001					
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Victoria County MSA	838	58.23	1.14	0.24	25.00	5.85	43.18	70.05	30.68	23.86	86.78	0.00	42.86	89.70	89.58
<b>Limited Review:</b>															
Jackson/Calhoun Counties non-MSA	387	26.89	0.00	0.00	0.00	0.00	93.45	91.47	6.55	8.53	50.00	0.00	0.00	49.74	53.85
San Patricio County MSA	214	14.87	14.66	0.00	23.04	73.83	41.36	15.42	20.94	10.75	71.28	0.00	84.00	66.67	46.67

\* Based on 2000 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).



### Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography:										Evaluation Period: January 1, 1999 To December 31, 2001				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Victoria County MSA	246	76.40	23.77	4.49	15.86	12.65	20.57	23.67	39.80	59.19	9.61	4.81	6.25	8.30	12.64	
<b>Limited Review:</b>																
Jackson/Calhoun Counties non-MSA	67	20.81	21.58	0.00	14.64	2.99	17.41	13.43	46.37	83.58	9.74	0.00	5.00	2.78	14.02	
San Patricio County MSA	9	2.80	27.12	0.00	17.77	0.00	18.37	33.33	36.74	66.67	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.31% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

## Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography:						Evaluation Period: January 1, 1999 To December 31, 2001									
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share						
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Victoria County MSA	36	83.72	23.77	2.78	15.86	16.67	20.57	25.00	39.80	55.55	9.59	5.88	4.55	12.50	10.67		
<b>Limited Review:</b>																	
Jackson/Calhoun Counties non-MSA	5	11.63	21.58	0.00	14.64	20.00	17.41	0.00	46.37	80.00	6.82	0.00	0.00	0.00	13.64		
San Patricio County MSA	2	4.65	27.12	0.00	17.77	0.00	18.37	50.00	36.74	50.00	0.62	0.00	0.00	0.00	1.27		

\* Based on 2000 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

## Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography:		Evaluation Period: January 1, 1999 To December 31, 2001											
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Victoria County MSA	28	71.79	23.77	3.57	15.86	17.86	20.57	17.86	39.80	60.71	3.14	0.00	3.64	2.90	3.67
<b>Limited Review:</b>															
Jackson/Calhoun Counties non-MSA	11	28.21	21.58	0.00	14.64	0.00	17.41	27.27	46.37	72.73	3.70	0.00	0.00	7.14	3.64
San Patricio County MSA	0	0.00	27.12	0.00	17.77	0.00	18.37	0.00	36.74	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

## Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography:			Evaluation Period: January 1, 1999 To December 31, 2001	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Victoria County MSA	1,715	80.55	89.98	55.57	86.94	8.05	5.01	18.87	28.23
<b>Limited Review:</b>									
Jackson/Calhoun Counties non-MSA	287	13.48	90.02	51.22	86.76	9.06	4.18	10.10	14.83
San Patricio County MSA	127	5.97	89.04	50.39	81.10	8.66	10.24	3.13	5.97

\* Based on 2000 Peer Small Business Data: U.S.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 25.13% of small loans to businesses originated and purchased by the Bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography:			Evaluation Period: January 1, 1999 To December 31, 2001				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Victoria County MSA	838	58.23	93.75	75.30	90.33	6.92	2.75	86.78	87.04
<b>Limited Review:</b>									
Jackson/Calhoun Counties non-MSA	387	26.89	95.24	85.01	80.36	13.44	6.20	50.00	49.00
San Patricio County MSA	214	14.87	90.58	75.23	65.89	23.83	10.28	71.28	74.70

\* Based on 2000 Peer Small Business Data: U.S.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 18.69% of small loans to farms originated and purchased by Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography:				Evaluation Period: May 11, 1999 To June 3, 2002			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments***		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Victoria County MSA	1	1	34	447	35	448	86.82	1	1,308
<b>Limited Review:</b>									
Jackson/Calhoun Counties non-MSA	0	0	4	40	4	40	7.75	1	103
San Patricio County MSA	0	0	1	28	1	28	5.43	1	82

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

\*\*\* Current Period Investment of \$507,000 and the remaining commitment of 1,493,000 in the Independent Bankers Capital Fund, an SBIC was allocated to each assessment area above based on the percentage of each AA's deposits compared to the total of deposits in all AA's as of June 3, 2002.

## Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS														Geography:				Evaluation Period: May 11, 1999 To June 3, 2002			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population							
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography							
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp				
<b>Full Review:</b>																					
Victoria County MSA	87.62	3	42.86	0	33.33	0	66.67	0	0	0	0	0	0	4.76	33.33	42.86	19.05				
<b>Limited Review:</b>																					
Jackson/Calhoun Counties non-MSA	6.91	3	42.86	0	0	66.67	33.33	2	0	0	0	2	0	NA	NA	66.67	33.33				
San Patricio County MSA	5.47	1	14.28	0	100.00	0	0	0	0	0	0	0	0	6.67	20.00	40.00	33.33				