



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act
Performance Evaluation

**Texas First National Bank
Charter Number: 18558**

**9315 Bellaire Boulevard
Houston, TX 77036**

Office of the Comptroller of the Currency

**Houston
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Houston, TX 77010-9010**

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.

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Overall CRA Rating

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

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

Performance Levels	Texas First National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
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:

- Given the bank’s performance context and focus on commercial lending, lending levels reflect a good responsiveness to the credit needs of the bank’s assessment areas (AAs).
- The geographic distribution of loans among geographies of different income levels is excellent throughout its AAs. The distribution of loans exceeds the characteristics of the assessment area in low- and moderate-income census tracts.
- Community development lending had a positive impact on the rating.
- The level of investments reflects a good responsiveness to the needs of its AA.
- The accessibility of TFNB’s offices and ATMs to low and moderate geographies and the responsiveness of TFNB services to the needs of its AAs are good.
- TFNB’s distribution among borrowers of different income levels is adequate.

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.

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 householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-Scope 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 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 statistical 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). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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-Scope 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 metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an

employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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.

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

Texas First National Bank (TFNB) with its main office in Houston, Texas, is in an area densely populated with Asian American individuals. The bank was founded mainly by a group of local Chinese Americans and is independently owned. TFNB has one affiliate, American First National Bank, also in Houston, Texas. TFNB is not a subsidiary of a holding company and does not have subsidiaries. The Office of the Comptroller of the Currency approved the original charter, and TFNB opened on May 3, 1985. TFNB did not have any merger or acquisition activity during the evaluation period.

TFNB is an intrastate bank with four branches and one Loan Production Office. On March 11, 1995, the bank relocated its headquarters to a newly constructed building at 9315 Bellaire Boulevard in Houston, Texas. Three additional branches were opened. Two in the Houston MA were opened in 1995. They are the Champions Branch and Sugar Land Branch. Champions is within the City of Houston, and Sugar Land is an incorporated city adjacent to the City of Houston. The third branch is in Richardson, Texas a part of the Dallas MA. It opened in 1996. A Loan Production Office was re-opened in 1999 in New Orleans, Louisiana. As of May 2005, it had a loan volume of \$10.5 million, but does not have deposits.

As of March 31, 2005, TFNB reported total assets of \$334 million, and Tier One Capital was \$45 million or 13% of total assets. Net loans and leases of \$216 million were 65% of total assets. The loan portfolio is 87% real estate loans, 11% commercial loans, and 2% consumer loans. Loans secured by commercial real estate are the largest product. Real estate loans consist of 80% commercial real estate loans, 10% multi-family unit loans, 8% construction-development loans, and 2% 1-4 family unit loans.

TFNB has two assessment areas (AAs). The Houston assessment area (AA) has 420 census tracts with 379 in Harris County and 41 in Fort Bend County. The Dallas AA has 157 census tracts in Dallas County. The AA is less than the full county in both. The full scope AA is Houston, and it is described in the market profile section of this report. As of March 31, 2005, approximately 90% of the bank's total deposits were in the Houston AA, and only 10% were in the Dallas AA. Loans are similar. At this same date, 85% of the loans were in the Houston area, 11% were in the Richardson area, and 4% were in the New Orleans area.

TFNB's deposit market share rank in the Houston assessment area is 35th of 77 competitors. In the Dallas AA, the bank is 62nd of 83 competitors. TFNB competes in heavily banked markets where several of the nation's largest banks maintain a significant presence including branches of JP Morgan Chase, Bank of America, and Wells Fargo. Locally, TFNB lists its major competitors in Houston as follows: American First National Bank, United Central Bank, Southwestern National Bank, and Concord Bank National Association. The bank has a higher deposit market share than its listed competitors in the Houston AA: American First National Bank ranked 56th, United Central Bank ranked 52nd, Southwestern National Bank ranked 45th, and Concord Bank ranked 49th. There are no financial or legal impediments that limit the bank's ability to help meet the credit needs of its assessment areas.

TFNB's CRA performance was last evaluated on January 14, 2002 based on Large Bank CRA performance guidelines. At that time, the bank's overall level of performance was rated "Satisfactory".

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses TFNB's performance under the Lending, Investment, and Service Tests. In evaluating the lending performance, we reviewed loans to small businesses and residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA). The evaluation period for the Lending Test for loans to small businesses and home mortgage loans is January 1, 2002 through December 31, 2004. For community development (CD) loans and the Investment and Service Tests, the evaluation period is from January 14, 2002 through May 23, 2005. The Investment Test included a review of investments, grants, and donations made in the AAs that meet the definition of community development investments. The Service Test included a review of retail and community development services provided in the bank's AAs.

During this period, the U. S. Census Bureau and U. S. Department of Housing and Urban Development released the 2000 Census of the United States data. This changed demographic information of TFNB's AAs as well as the nation. New census tracts were formed as old tracts changed boundaries, merged, split, or disappeared. For this reason, evaluation of the bank's performance is presented under the Lending Test in two parts. The first set of tables in the appendix to this evaluation reflect TFNB's performance during January 1, 2002 through December 31, 2002 using 1990 U. S. Census information. The second set of tables present Bank performance during the period January 1, 2003 through December 31, 2004 using 2000 U. S. Census data. Greater weight was given to the 2000 Census information since it more closely reflects the bank's current performance context.

Data Integrity

As part of the CRA evaluation, we tested the accuracy of TFNB's HMDA and small business loan data. Our review of the bank's HMDA data did not identify any errors or inconsistencies. Although we identified some inconsistencies in the reporting of small business revenue, in general, the reporting of CRA data for small businesses was reliable and no material exceptions were identified that would alter the correct revenue code. Community development loans, investments, and services submitted by TFNB management were verified to ensure they met the regulatory definition of community development.

Selection of Areas for Full-Scope Review

We performed a full-scope review for the Houston MA AA. This AA was selected for review since the bank has the substantial part of its business in Houston. Approximately 90% of its deposits and 85% of its loans are in the Houston AA based on 2004 information. A limited scope review was conducted in the Dallas AA. Please refer to the table in Appendix A for more information.

Ratings

The bank's overall rating is based primarily on the full-scope review of the Houston MA AA. Small business lending was given the greatest weight under the lending test since it is the

bank's primary business line. Home purchase loans were considered but given less weight since the bank does not aggressively pursue these types of loans. Home improvement and refinance loans were given little weight since the bank originated a minimal number of these loans and does not pursue these types of loans. We gave no weight to small farm loans. None were originated and farm loans were not a significant need identified in the bank's AA.

Other

We completed community contacts with two organizations in the area in connection with other CRA examinations that were applicable to this examination. One Chamber of Commerce contact stated that commercial real estate and commercial loans were the greatest need in the area closest to the bank's Bellaire Boulevard location. In the Houston AA though, residential real estate loans are the greatest need. Another Chamber of Commerce leader from Northwest Houston stated that industry was the greatest need in that area.

During the examination, we spoke with the director of a charitable organization in North Houston who stated that affordable rental housing was a need in that area. Two of the four identified needs are a part of the bank's business strategy. These are commercial real estate loans and commercial loans.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.

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 "High Satisfactory". Based on a full-scope review, the bank's performance in the Houston MA is good.

Lending Activity

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

TFNB's lending activity demonstrates satisfactory responsiveness to the credit needs of its AA considering the bank's size, resources, and commercial business focus. The approximate loan-to-deposit ratio at March 31, 2005 was 75%, and the quarterly average since the prior examination dated January 14, 2002 was 66%. The bank's total loans have increased about 23% from March 31, 2002 to March 31, 2005. TFNB did not originate any small farm loans during the evaluation period. It is not a lending product of the bank and not part of this performance evaluation. Similarly, consumer loans are not a major product, and TFNB did not elect to have its consumer loans reviewed. During the evaluation period, the bank has not aggressively pursued the origination of home purchase, home improvement, and home refinance loans. The home mortgage market in the Houston AA is highly competitive and dominated by larger lending institutions with more than 500 lenders originating home mortgage loans. TFNB concentrates on serving the small business community. However, the small business loan market is also highly competitive with an estimated 211 lenders originating small business loans.

In the Houston AA, TFNB ranks 35th in deposit market share and has less than an overall 1% market share. Overall, loan volume is satisfactory considering the CRA performance context. Based on 2003 aggregate loan data, TFNB was ranked 43rd in small business loan originations with less than 1% market share in the AA. TFNB's market share was 0.11% of the number of loan originations, and it was 0.77% of the dollar amount of loan originations.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Home Purchase Loans

Geographic distribution analysis meaningfulness is limited since the bank only originated five home purchase loans in the Houston AA. However, one of the five was originated in a low-income census tract.

Home Improvement Loans

Geographic distribution analysis is not meaningful since the bank did not originate any home improvement loans in the Houston AA.

Home Mortgage Refinance Loans

Geographic distribution analysis meaningfulness is limited since the bank only originated seven home mortgage refinance loans. However, two were in a low-income census tract and two were in a moderate-income census tract.

Multi-Family Loans

Geographic distribution analysis is not meaningful since the bank only originated two multi-family loans in the Houston AA.

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.

TFNB's geographic distribution of small loans to businesses in the Houston AA is excellent. The percentage of loans originated in both low- and moderate-income census tracts exceeds the percentage of small businesses in these tracts in 2002, 2003, and 2004. In addition, the bank's market share in both low- and moderate-income census tracts exceeds its overall market share.

Lending Gap Analysis

We reviewed maps and reports of TFNB's lending activity for three years for small loans to businesses to determine if there were gaps in the geographic distribution of those loans. As discussed earlier, home mortgage lending activity was not considered meaningful. Overall, the geographic distribution of small loans to businesses is excellent. We did not see any unexplained conspicuous gaps.

Inside/Outside Ratio

A majority of the bank's loans were originated within the AA. Approximately 85% of the small loans to businesses, 74% of the home mortgages loans, and 100% of the community development loans were within the AAs. This performance was a positive factor in the overall analysis of the geographic distribution of lending. The analysis included all originations and purchases by the bank and was performed at the bank level.

Distribution of Loans by Income Level of the Borrower

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.

Home Purchase Loans

Income distribution analysis is not meaningful since the bank only originated five home purchase loans in the Houston AA.

Home Improvement Loans

Income distribution analysis is not meaningful since the bank did not originate any home improvement loans in the Houston AA.

Home Mortgage Refinance Loans

Income distribution analysis meaningfulness is limited since the bank only originated seven home mortgage refinance loans. However, three loans were originated to moderate-income borrowers.

Multi-Family Loans

Income distribution analysis is not meaningful since the bank only originated two multi-family loans in the Houston AA.

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.

TFNB's income distribution to small businesses in the Houston AA is adequate. The percentage of loans to businesses with revenues less than \$1 million is lower than the percentages of businesses in the AA with revenues less than \$1 million based on Dun and Bradstreet compiled information. However, the percentages are not significantly lower, and the bank's market share exceeds its overall market share.

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 multi-family loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

TFNB has an excellent level of community development loans. During the evaluation, the bank originated four community development loans totaling \$6.7 million. Three were originated for the purchase of affordable multi-family housing, and one was originated to a non-profit organization located in a low-income census tract. In addition, management identified another \$2.8 million in an affordable multi-family housing apartment originated in the prior CRA evaluation period that was not identified at the prior CRA examination. It is not included in the totals for this evaluation period but will be included in the next evaluation period upon renewal.

Product Innovation and Flexibility

The bank does not offer any innovative or flexible lending products.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Dallas AA is not inconsistent with the bank's overall "High Satisfactory" rating performance under the lending test. Refer to Tables 1 through 13 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 full-scope reviews, the bank's performance in the Houston 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.

Qualifying investments are investments, deposits, membership shares or grants that have as their primary purpose community development, as defined in the CRA regulation. TFNB's level of qualified community development investments and donations reflects a good responsiveness to credit and community development needs.

During the review period, TFNB continued their equity investment of \$1.5 million in the CRA Qualified Investment Fund. The funds were originally used to purchase a pool of qualifying mortgage loans in both the Houston and Dallas AAs and to finance a multi-family affordable housing project in the Houston AA. As of January 30, 2003, the \$1.5 million was reinvested in an affordable housing apartment project in a moderate-income census tract in Dallas, Texas.

In the fourth quarter of 2004, the board approved a second qualified investment purchase of \$500 thousand in a mortgage pool from Access Capital Strategies Community Investment Fund, Inc. The fund's investment objective is to invest in geographically specific private placement debt securities in portions of the United States designated by the bank. In addition, the fund invests primarily in private placement debt securities specifically designed to support underlying community development activities targeted to low- and moderate-income individuals such as affordable housing, education, small business lending, and job-creating activities. This investment was allocated equally Houston, Texas and Dallas, Texas.

In addition, 24 contributions were made totaling \$26 thousand to 16 different organizations that support community services targeted toward low- to moderate-income individuals.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Dallas AA is not inconsistent with the bank's overall "High Satisfactory" rating performance under the investment test. Refer to Table 14 in appendix C for the facts and data that 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 full-scope reviews, the bank's performance in the Houston AA is good.

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.

Overall, the distribution and accessibility of the bank's branches supports a "High Satisfactory" rating. The Bellaire Branch in Houston is in a moderate income-census tract. In addition, it is geographically close to several low- and moderate-income tracts. The Richardson branch in Dallas County is in a middle-income census tract but close to a major highway and easily accessible to low- and moderate-income individuals. The branches in Sugar Land and Champions are in upper income census tracts but are located on major thoroughfares and accessible to low- and moderate-income individuals. In addition, both areas have a large number of retail businesses and restaurants employing low- and moderate-income individuals located close to the branches.

The bank's ATM system has changed since the prior examination increasing the ease of accessibility for low- and moderate-income customers and small businesses. In March of 2005, customers were no longer limited to the bank's four branch locations for free ATM use. The bank now offers free ATM use at all Pulse and Cirrus network ATMs throughout the AA. This change has increased the availability of alternative services for all consumers and small businesses. In addition to these services, the bank offers Internet and telephone banking services as well.

The hours of operation are similar at all locations. Drive-in hours vary slightly. Credit and deposit products offered match the competition and meet the needs of the community. Loan products offered include commercial, commercial real estate, construction, multi-family, vehicle, and home loans. Deposit products include checking accounts, savings accounts and certificates of deposit. Also, the bank offers domestic and international wire transfers.

Although TFNB is primarily a commercial products bank, management recently introduced a new product to meet the checking needs of low- and moderate-income individuals.

"Opportunity Checking" offers a low opening balance requirement, no monthly service fees, and 10 or 20 free debit transactions depending on direct deposit status. In addition, all transactions over the free debit transaction amount are \$.50 each. This account was only recently offered, but TFNB already has more than 100 accounts with a deposit total of approximately \$250 thousand. Further account growth is expected.

For small businesses, management designed the "Easy Checking" account. This account offers a low opening balance, no monthly service fee, no charge for first 50 transactions, and a \$.25 fee for every transaction over the first 50. This account was only recently offered, but

TFNB has been able to obtain more than 30 accounts with a deposit total of approximately \$154 thousand. Further account growth is expected.

Other special accounts include the Texas Student Account for students, Children's Bank Savings for children under age 18, and the "Tex 55 Account" that waives service charges for those 55 years or older. Although these accounts may benefit people from any income group, they were designed based on the assumption that many students, children, and elderly people have low or fixed incomes.

Written product descriptions are available in Chinese and English. Customer service is available in several languages including Cantonese, English, Gujrati, Hindi, Mandarin Chinese, Spanish, Taiwanese, Urdu, and Vietnamese. Employees at all branches do not speak all languages, but the multi-lingual services are available by telephone.

Community Development Services

TFNB and the Houston Chinese Amateur Painting Club (HCAPC) held "The Fifth Fine Art Paining Exhibition" at the bank. Part of the sale proceeds from the exhibition, and the bank's matching amount of \$500 were donated to Star of Hope. Star of Hope is a non-profit organization that has helped Houston's homeless since 1907 and serves more than 5,000 different homeless people each year, including over 1,600 children.

The bank is also actively involved with a Title 1 elementary school. It is in a culturally diverse and economically challenged community. TFNB has not only donated funds to the school but has also assisted with a 2004 family event by providing food, beverages, and door prizes for students and their families.

TFNB hosted a March 2004 annual meeting of the Houston Formosan Evergreen Association, an organization that provides services to low- and moderate-income senior citizens.

Bank officers participate in community activities that provide services of benefit to low- and moderate-income individuals. One officer assists in the preparation of income tax returns through the Internal Revenue Service Volunteer Income Tax Assistance program. Another officer chairs a scholarship committee that provides education funding for low- and moderate-income students. A senior officer serves three hours per week at the Chinese Community Center as a volunteer Executive Board member and Treasurer. She has served for approximately seven years at this organization. The Center is located in a low-income census tract and provides many services to the community including job training and placement.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Dallas AA is not inconsistent with the bank's overall "High Satisfactory" rating 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”).

Time Period Reviewed	Lending Test (excludes CD Loans): (01/01/02 to 12/31/04) Investment and Service Tests and CD Loans: (01/14/02 to 05/23/05)	
Financial Institution	Products Reviewed	
(Texas First National Bank (TFNB) – Houston, Texas	Small Business Loans CD Loans HMDA Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Houston MA AA #26420 Dallas MA AA #19124	Full-Scope Limited-Scope	AAs do not include the entire Metropolitan Area (MA) or the Metropolitan Division (MD). Refer to the market profile for details of the Houston MA AA.

Appendix B: Market Profiles for Full-Scope Areas

Census information from 1990 is presented on this page in the first table below. Census tract changes from 1990 to 2000 were significant. We were unable to convert the 2000 census tract information to 1990 information. Therefore 2002 information (1990 census) was compared to all of Harris and Fort Bend County. Differences are not significant.

Census information from 2000 is presented on the next page in the second table. The 2000 census information is much more relevant to our analysis of TFNB’s lending and had more impact on our final ratings decision. Appendix C: Tables of Performance Data follows this appendix B information. The first set of 15 tables is lending information from 2002 compared to the 1990 census. The second set of tables in Appendix C is lending information from 2003 and 2004 compared to the 2000 census.

Houston AA 1990 Census

Demographic Information for Full-Scope Area: Houston MA AA (Harris and Fort Bend Counties)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	631	11.73	29.00	30.11	26.94	2.22
Population by Geography	3,043,620	8.49	27.01	33.95	31.55	0.00
Owner-Occupied Housing by Geography	587,006	5.31	20.90	32.83	40.97	0.00
Businesses by Geography	257,156	5.56	23.28	30.35	40.56	0.25
Farms by Geography	3,611	3.24	16.84	37.25	42.65	0.03
Family Distribution by Income Level	768,266	22.36	16.52	20.25	40.87	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	298,714	15.26	39.51	31.25	13.98	0.00
Median Family Income = \$36,886 HUD Adjusted Median Family Income for XXXX = \$59,600 Households Below the Poverty Level = 13.40%			Median Housing Value = \$74,444 Unemployment Rate = 3.52%			

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

Houston AA (2000 Census)

Demographic Information for Full-Scope Area: Houston AA (Harris & Fort Bend Counties)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	420	9.52	30.00	28.10	31.43	0.95
Population by Geography	2,245,991	8.93	30.95	29.61	30.42	0.10
Owner-Occupied Housing by Geography	419,294	3.47	21.77	31.55	43.21	0.00
Businesses by Geography	186,711	6.18	25.38	24.63	43.59	0.22
Farms by Geography	2,578	3.80	20.67	33.59	41.85	0.08
Family Distribution by Income Level	544,732	24.30	17.67	17.90	40.13	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	228,614	15.57	44.26	27.45	12.72	0.00
Median Family Income	= \$51,431					
HUD Adjusted Median Family Income for 2002	= \$59,400					
Households Below the Poverty Level	= 12.27%					
				Median Housing Value	= \$98,599	
				Unemployment Rate	= 3.00%	

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census, and 2004 HUD updated MFI.

Our evaluation period was from January 14, 2002 through May 23, 2005. The bank expanded its assessment area from 290 tracts to 420 tracts during the evaluation period in the Houston AA. This AA includes 379 census tracts in Harris County and 41 census tracts in Fort Bend County. Both counties are part of the Houston MA. The assessment area is only a portion of the two counties. Harris County has a total of 649 tracts, and Fort Bend County has a total of 58 tracts. Of the 420 tracts chosen as the AA, 40 are low-income tracts, 126 are moderate-income tracts, 118 are middle-income tracts, 132 are upper-income census tracts, and four do not have an income classification.

Harris County is the third largest county in the United States with a population of over 3.6 million residents, and it covers 1,788 square miles. Houston is the largest city in the county, the county seat, and the fourth largest city in the United States. Houston has the largest medical center in the world, the Texas Medical Center. The Center's economic impact is more than \$10 billion annually, and it has approximately 52 thousand employees. Approximately 4.8 million patients are treated at the Texas Medical Center annually. Also, eighteen Fortune 500 companies and more than 5 thousand energy related firms are located in the city considered by many to be the "Energy Capital" of the world.

Fort Bend County is adjacent to southwest Harris County, and it is one of the most affluent and fastest growing areas in the Houston MA. The county had approximately 413 thousand residents in 2003 with projections for 2020 doubling that amount. The county encompasses 879 square miles. Sugar Land is the largest city, and it is so close to Houston that it could be considered a suburb. Agriculture, petrochemicals, technology industries, and sugar refining are the major industries in Fort Bend County. The county has a total of 58 census tracts. Of the total, one is designated as low-income and four are designated as moderate-income.

A review of local government programs and community contacts in the Houston AA identified that opportunities for participation in community development activities were high. There are numerous public agencies and community organizations actively working toward community development. Also, banks in the Houston area have been responsive to the opportunities in Houston.

Appendix C: Tables of Performance Data

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: (1) 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; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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. When such loans exist, insert a line item with the appropriate caption in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- 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. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

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.

Table 1. Lending Volume (1990 Census Data)

LENDING VOLUME		Geography: TFNB 2002				Evaluation Period: January 1, 2002 to December 31, 2002						
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)	
Full Review:												
Houston AA	82.82	2	1,323	186	39,636	0	0	0	0	188	40,959	89.71
Limited Review:												
Dallas AA	17.18	5	2,382	34	2,739	0	0	0	0	39	5,121	10.29

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is January 14, 2002 to December 31, 2002 for 1990 Census information.
 *** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products (1990 Census Data)
 No other products were provided for review at this evaluation.

LENDING VOLUME		Geography: TFNB 2002								Evaluation Period: January 1, 2002 to December 31, 2002				
MA/Assessment Area:	% of RATED Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of RATED Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:														
Houston AA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	89.71
Limited Review:														
Dallas AA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	10.29

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Optional Product Line(s) is From January 1, 2002 to December 31, 2002 for 1990 Census information.
 *** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products (1990 Census Data)
 No other products were provided for review at this evaluation.

LENDING VOLUME		Geography: TFNB 2002		Evaluation Period: January 1, 2002 to December 31, 2002	
MA/Assessment Area:	Other Unsecured Consumer Loans		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
Houston AA	0	0	0	0	
Limited Review:					
Dallas AA	0	0	0	0	

(*) The evaluation period for Optional Product Line(s) is from January 1, 2002 to December 31, 2002 for 1990 Census information.

Table 2. Geographic Distribution of Home Purchase Loans (1990 Census Data)

Geographic Distribution: HOME PURCHASE			Geography: TFNB 2002				EVALUATION Period: January 1, 2002 to December 31, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Purchase 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						
Full Review:																
Houston AA	0	0.00	5.31	0.00	20.90	0	32.83	0	40.96	0	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Dallas AA	1	100.00	5.12	0.00	21.28	0.00	40.11	100.00	33.49	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2002 Peer Mortgage Data: SW 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 (1990 Census Data)

Geographic Distribution: HOME IMPROVEMENT			Geography: TFNB 2002				Evaluation Period: January 1, 2002 to December 31, 2002					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						
Full Review:																
Houston AA	0	0.00	5.31	0.00	20.90	0.00	32.83	0.00	40.96	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Dallas AA	0	0.00	5.12	0.00	21.28	0.00	40.11	0.00	33.49	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2002 Peer Mortgage Data: SW 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 (1990 Census Data)

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: TFNB 2002				Evaluation Period: January 1, 2002 to December 31, 2002								
MA/Assessment Area:	Total Home Mortgage Refinance 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
Full Review:															
Houston AA	1	100.0	5.31	0.00	20.90	0.00	32.83	0.00	40.96	100.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Dallas AA	0	0.00	5.12	0.00	21.28	0.00	40.11	0.00	33.49	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2002 Peer Mortgage Data: SW 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 5. Geographic Distribution of Multifamily Loans (1990 Census Data)

Geographic Distribution: MULTIFAMILY			Geography: TFNB 2002				Evaluation Period: January 1, 2002 to December 31, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp	
Full Review:																
Houston AA	1	20.00	10.00	0.00	34.53	0.00	32.42	100.00	23.05	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Dallas AA	4	80.00	14.66	0.00	32.49	25.00	39.17	75.00	13.68	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2002 Peer Mortgage Data: SW Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses (1990 Census Data)

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: TFNB 2002						Evaluation Period: January 1, 2002 to December 31, 2002							
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid
Full Review:																
Houston AA	186	84.55	5.56	12.37	23.28	33.87	30.35	20.97	40.56	32.79	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Dallas AA	34	15.45	5.81	2.94	25.40	70.59	34.24	14.71	32.06	11.76	0.00	0.00	0.00	0.00	0.00	

* Based on 2002 Peer Small Business Data: US and PR.

** 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 2002.

Table 7. Geographic Distribution of Small Loans to Farms (1990 Census Data)

Geographic Distribution: SMALL LOANS TO FARMS			Geography: TFNB 2002				Evaluation Period: January 1, 2002 to December 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
Full Review:																
Houston AA	0	0.00	3.24	0.00	16.84	0.00	37.25	0.00	42.65	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Dallas AA	0	0.00	4.57	0.00	21.75	0.00	39.98	0.00	33.03	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2002 Peer Small Business Data: US and PR.

** 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 (2002).

Table 8. Borrower Distribution of Home Purchase Loans (1990 Census Data)

Borrower Distribution: HOME PURCHASE		Geography: TFNB 2002					Evaluation Period: January 1, 2002 to December 31, 2002					Market Share				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****						
Full Review:																
Houston AA	0	0.00	22.36	0.00	16.52	0.00	20.25	0.00	40.87	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Dallas AA	1	100.0	22.22	0.00	18.57	0.00	21.94	0.00	37.27	100.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2002 Peer Mortgage Data: SW Region.

** As a percentage of loans with borrower income information available. No information was available for 0.0% 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 (1990 Census Data)

Borrower Distribution: HOME IMPROVEMENT			Geography: TFNB 2002				Evaluation Period: January 1, 2002 to December 31, 2002					Market Share				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****						
Full Review:																
Houston AA	0	0.00	22.36	0.00	16.52	0.00	20.25	0.00	40.87	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Dallas AA	0	0.00	22.22	0.00	18.57	0.00	21.94	0.00	37.27	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2002 Peer Mortgage Data: SW Region.

** As a percentage of loans with borrower income information available. No information was available for 0.0% 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 (1990 Census Data)

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: TFNB 2002					Evaluation Period: January 1, 2002 to December 31, 2002				
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						
Full Review:																					
Houston AA	1	100.00	22.36	0.00	16.52	0.00	20.25	0.00	40.87	100.00	0.00	0.00	0.00	0.00	0.00						
Limited Review:																					
Dallas AA	0	0.00	22.22	0.00	18.57	0.00	21.94	0.00	37.27	0.00	0.00	0.00	0.00	0.00	0.00						

* Based on 2002 Peer Mortgage Data: SW Region.
 ** As a percentage of loans with borrower income information available. No information was available for 0.0% 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 (1990 Census Data)

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: TFNB 2002			Evaluation Period: January 1, 2002 to December 31, 2002	
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
Full Review:									
Houston AA	186	84.55	66.66	62.37	53.23	20.97	25.80	0.00	0.00
Limited Review:									
Dallas AA	34	15.45	65.75	91.18	76.47	14.71	8.82	0.00	0.00

* Based on 2002 Peer Small Business Data: US and PR.

** 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 - 2002).

**** 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 30.91% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms (1990 Census Data)

Borrower Distribution: SMALL LOANS TO FARMS									
					Geography: TFNB 2002		Evaluation Period: January 1, 2002 to December 31, 2002		
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
Full Review:									
Houston AA	0	0.00	91.25	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:									
Dallas AA	0	0.00	91.00	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2002 Peer Small Business Data: US and PR.

** 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 - 2002).

**** 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 0.00% of small loans to farms originated and purchased by Bank.

Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option) (1990 Census Data)

Consumer loans were not considered for this evaluation.

Table 14. Qualified Investments (1990 Census Data)

QUALIFIED INVESTMENTS		Geography: TFNB 2002				Evaluation Period: January 1, 2002 to December 31, 2002			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Houston AA	1	1,256	3	6	4	1,262	83.30		
Limited Review:									
Dallas AA	1	253			1	253	16.70		

* '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.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings (1990 Census Data)

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: TFNB 2002 Evaluation Period: January 14, 2002 to December 31, 2004																	
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
Full Review:																	
Houston AA	89.71%	3	75.00	0	0	33	67	0	0	0	0	0	0	8.49	27.01	32.95	31.55
Limited Review:																	
Dallas AA	10.29%	1	25.00	0	0	100	0	0	0	0	0	0	0	10.00	27.16	38.53	24.31

Table 1. Lending Volume (2000 Census Data)

LENDING VOLUME												
Geography: TFNB 2003 and 2004												
Evaluation Period: January 1, 2003 to December 31, 2004												
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)	
Full Review:												
2003 Houston AA	93.43	5	548	123	29,047	0	0	0	0	128	29,595	90.31%
2004 Houston AA	87.66	7	13,565	128	29,490	0	0	4	6,699	139	49,754	89.92%
Limited Review:												
2003 Dallas AA	6.57	0	0	9	1,399	0	0	0	0	9	1,399	9.69%
2004 Dallas AA	12.34	1	416	18	2,322	0	0	0	0	19	2,738	10.08%

* Loan Data as of December 31, 2003 and December 31, 2004. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is January 1, 2003 to May 23, 2005 for 2000 Census information.

*** Deposit Data as of June 30, 2003 and June 30, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products (2000 Census Data)
 No other products were provided for review at this evaluation.

LENDING VOLUME														
Geography: TFNB 2003 and 2004														
Evaluation Period: January 1, 2003 to December 31, 2004														
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:														
2003 Houston AA		0	0	0	0	0	0	0	0	0	0	0	0	90.31
2004 Houston AA		0	0	0	0	0	0	0	0	0	0	0	0	89.92
Limited Review:														
2003 Dallas AA		0	0	0	0	0	0	0	0	0	0	0	0	9.69
2004 Dallas AA		0	0	0	0	0	0	0	0	0	0	0	0	10.08

* Loan Data as of December 31, 2003 and December 31, 2004. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Optional Product Line(s) is From January 1, 2003 to December 31, 2004 for 2000 Census information.
 *** Deposit Data as of June 30, 2003 and June 30, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products (2000 Census Data)
 No other products were provided for review at this evaluation.

LENDING VOLUME					Geography: TFNB 2003 AND 2004		Evaluation Period: January 1, 2003 to December 31, 2004	
MA/Assessment Area:	Other Unsecured Consumer Loans			Other Optional Loans*				
	#	\$ (000's)		#	\$ (000's)			
Full Review:								
2003 Houston AA	0	0		0	0		0	
2004 Houston AA	0	0		0	0		0	
Limited Review:								
2003 Dallas AA	0	0		0	0		0	
2004 Dallas AA	0	0		0	0		0	

(*) The evaluation period for Optional Product Line(s) is from January 1, 2003 to December 31, 2004 for 2000 Census information.

Table 2. Geographic Distribution of Home Purchase Loans (2000 Census Data)

Geographic Distribution: HOME PURCHASE												Geography: TFNB 2003 AND 2004					Evaluation Period: January 31, 2003 to December 31, 2004				
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						
Full Review:																					
2003 Houston AA	2	100.00	3.35	0.00	21.45	0.00	31.99	100.00	43.21	0.00	0.00	0.00	0.00	0.00	0.00						
2004 Houston AA	3	75.00	3.47	33.33	21.77	0.00	31.55	0.00	43.21	66.67	0.00	0.00	0.00	0.00	0.00						
Limited Review:																					
2003 Dallas AA	0	0.00	0.31	0.00	13.74	0.00	38.27	0.00	47.68	0.00	0.00	0.00	0.00	0.00	0.00						
2004 Dallas AA	1	25.00	0.31	0.00	13.74	100.00	39.13	0.00	46.82	0.00	0.00	0.00	0.00	0.00	0.00						

* Based on 2003 and 2004 Peer Mortgage Data: Western 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 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans (2000 Census Data)

Geographic Distribution: HOME IMPROVEMENT															Geography: TFNB 2003 and 2004					Evaluation Period: January 1, 2003 to December 31, 2004				
MA/Assessment Area:	Total Home Improvement 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									
Full Review:																								
2003 Houston AA	0	0.00	3.35	0.00	21.45	0.00	31.99	0.00	43.21	0.00	0.00	0.00	0.00	0.00	0.00									
2004 Houston AA	0	0.00	3.47	0.00	21.77	0.00	31.55	0.00	43.21	0.00	0.00	0.00	0.00	0.00	0.00									
Limited Review:																								
2003 Dallas AA	0	0.00	0.31	0.00	13.74	0.00	38.27	0.00	47.68	0.00	0.00	0.00	0.00	0.00	0.00									
2004 Dallas AA	0	0.00	0.31	0.00	13.74	0.00	39.13	0.00	46.82	0.00	0.00	0.00	0.00	0.00	0.00									

* Based on 2003 and 2004 Peer Mortgage Data: Western 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 2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans (2000 Census Data)

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: TFNB 2003 AND 2004				Evaluation Period: January 1, 2003 to December 31, 2004				
MA/Assessment Area:	Total Home Mortgage Refinance 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					
Full Review:																				
2003 Houston AA	2	100.0	3.35	0.00	21.45	50.00	31.99	50.00	43.21	0.00	0.00	0.00	0.00	0.00	0.00					
2004 Houston AA	4	100.0	3.47	50.00	21.77	50.00	31.55	0.00	43.21	0.00	0.00	0.00	0.00	0.00	0.00					
Limited Review:																				
2003 Dallas AA	0	0.00	0.31	0.00	13.74	0.00	38.27	0.00	47.68	0.00	0.00	0.00	0.00	0.00	0.00					
2004 Dallas AA	0	0.00	0.31	0.00	13.74	0.00	39.13	0.00	46.82	0.00	0.00	0.00	0.00	0.00	0.00					

* Based on 2003 and 2004 Peer Mortgage Data: Western 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 2000 Census information.

Table 5. Geographic Distribution of Multifamily Loans (2000 Census Data)

Geographic Distribution: MULTIFAMILY			Geography: TFNB 2003 AND 2004				Evaluation Period: January 1, 2003 to December 31, 2004					Market Share (%) by Geography				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
Full Review:																
2003 Houston AA	1	100.0	11.04	0.00	36.40	0.00	28.65	100.00	23.91	0.00	0.00	0.00	0.00	0.00	0.00	
2004 Houston AA	3	100.0	11.48	33.33	36.05	66.67	28.56	0.00	23.91	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
2003 Dallas AA	0	0.00	13.59	0.00	40.40	0.00	35.24	0.00	10.77	0.00	0.00	0.00	0.00	0.00	0.00	
2004 Dallas AA	0	0.00	13.59	0.00	40.40	0.00	35.43	0.00	10.58	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2003 and 2004 Peer Mortgage Data: Western Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses (2000 Census Data)

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: TFNB 2003 AND 2004					Evaluation Period: January 1, 2003 to December 31, 2004				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
Full Review:																					
2003 Houston AA	123	93.18	6.04	15.45	25.07	33.33	24.93	21.14	43.72	30.08	0.00	0.00	0.00	0.00	0.00						
2004 Houston AA	128	87.67	6.18	12.50	25.38	34.38	24.63	22.66	43.59	30.47	0.00	0.00	0.00	0.00	0.00						
Limited Review:																					
2003 Dallas AA	9	6.82	2.26	0.00	25.35	33.33	41.34	66.67	30.38	0.00	0.00	0.00	0.00	0.00	0.00						
2004 Dallas AA	18	12.33	2.30	0.00	24.82	83.33	42.53	11.11	29.70	5.56	0.00	0.00	0.00	0.00	0.00						

* Based on 2003 and 2004 Peer Small Business Data: US.

** 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 2003 and 2004.

Table 7. Geographic Distribution of Small Loans to Farms (2000 Census Data)

Geographic Distribution: SMALL LOANS TO FARMS												Geography: TFNB 2003 AND 2004		Evaluation Period: January 1, 2003 to December 31, 2004			
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		
Full Review:																	
2003 Houston AA	0	0.00	3.41	0.00	20.58	0.00	34.23	0.00	41.78	0.00	0.00	0.00	0.00	0.00	0.00		
2004 Houston AA	0	0.00	3.80	0.00	20.67	0.00	33.59	0.00	41.85	0.00	0.00	0.00	0.00	0.00	0.00		
Limited Review:																	
2003 Dallas AA	0	0.00	2.81	0.00	20.90	0.00	37.11	0.00	38.80	0.00	0.00	0.00	0.00	0.00	0.00		
2004 Dallas AA	0	0.00	2.86	0.00	21.29	0.00	37.14	0.00	38.34	0.00	0.00	0.00	0.00	0.00	0.00		

* Based on 2003 and 2004 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 2003 and 2004.

Table 8. Borrower Distribution of Home Purchase Loans (2000 Census Data)

Borrower Distribution: HOME PURCHASE		Geography: TFNB 2003 AND 2004					Evaluation Period: January 1, 2003 to December 31, 2004					Market Share				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****						
Full Review:																
2003 Houston AA	2	100.0	24.02	0.00	17.56	0.00	17.90	50.00	40.52	50.00	0.00	0.00	0.00	0.00	0.00	
2004 Houston AA	3	75.00	24.30	0.00	17.67	0.00	17.90	0.00	40.13	100.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
2003 Dallas AA	0	0.00	19.53	0.00	18.44	0.00	20.06	0.00	41.97	0.00	0.00	0.00	0.00	0.00	0.00	
2004 Dallas AA	1	25.00	20.00	0.00	18.66	0.00	20.21	0.00	41.13	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2003 and 2004 Peer Mortgage Data: Western Region.

** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 2000 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 (2000 Census Data)

Borrower Distribution: HOME IMPROVEMENT			Geography: TFNB 2003 AND 2004				Evaluation Period: January 1, 2003 to December 31, 2004					Market Share				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****						
Full Review:																
2003 Houston AA	0	0.00	24.02	0.00	17.56	0.00	17.90	0.00	40.52	0.00	0.00	0.00	0.00	0.00	0.00	
2004 Houston AA	0	0.00	24.30	0.00	17.67	0.00	17.90	0.00	40.13	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
2003 Dallas AA	0	0.00	19.53	0.00	18.44	0.00	20.06	0.00	41.97	0.00	0.00	0.00	0.00	0.00	0.00	
2004 Dallas AA	0	0.00	20.00	0.00	18.66	0.00	20.21	0.00	41.13	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2003 and 2004 Peer Mortgage Data: Western Region.

** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 2000 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 (2000 Census Data)

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: TFNB 2003 AND 2004						Evaluation Period: January 1, 2003 to December 31, 2004						
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
Full Review:															
2003 Houston AA	2	100.00	24.02	0.00	17.56	50.00	17.90	0.00	40.52	50.00	0.00	0.00	0.00	0.00	0.00
2004 Houston AA	4	100.00	24.30	0.00	17.67	50.00	17.90	0.00	40.13	50.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
2003 Dallas AA	0	0.00	19.53	0.00	18.44	0.00	20.06	0.00	41.97	0.00	0.00	0.00	0.00	0.00	0.00
2004 Dallas AA	0	0.00	20.00	0.00	18.66	0.00	20.21	0.00	41.13	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2003 and 2004 Peer Mortgage Data: Western Region.

** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 2000 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 (2000 Census Data)

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: TFNB 2003 AND 2004		Evaluation Period: January 1, 2003 to December 31, 2004		
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
Full Review:									
2003 Houston AA	123	93.18	61.18	56.10	48.78	24.39	26.83	0.00	0.00
2004 Houston AA	128	87.67	61.92	50.78	44.53	27.34	28.13	0.00	0.00
Limited Review:									
2003 Dallas AA	9	6.82	59.66	44.44	77.78	0.00	22.22	0.00	0.00
2004 Dallas AA	18	12.33	60.90	22.22	72.22	11.11	16.67	0.00	0.00

* Based on 2003 and 2004 Peer Small Business Data: US.

** 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 – 2003 and 2004).

**** 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 22.73% of small loans to businesses originated and purchased by the Bank in 2003 and 21.23% in 2004.

Table 12. Borrower Distribution of Small Loans to Farms (2000 Census Data)

Borrower Distribution: SMALL LOANS TO FARMS									
					Geography: TFNB 2003 AND 2004			Evaluation Period: January 1, 2003 to December 31, 2004	
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
Full Review:									
2003 Houston AA	0	0.00	85.63	0.00	0.00	0.00	0.00	0.00	0.00
2004 Houston AA	0	0.00	81.89	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:									
2003 Dallas AA	0	0.00	85.19	0.00	0.00	0.00	0.00	0.00	0.00
2004 Dallas AA	0	0.00	82.67	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2003 and 2004 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.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B – 2003 and 2004).

**** 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 0.0% of small loans to farms originated and purchased by Bank.

Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option) (2000 Census Data)

Consumer loans were not considered for this evaluation.

Table 14. Qualified Investments (2000 Census Data)

QUALIFIED INVESTMENTS									
Geography: TFNB 2003 AND 2004 Evaluation Period: January 1, 2003 to May 23, 2005									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% Of Total	#	\$(000's)
Full Review:									
2003 Houston AA	0	0	4	6	4	6	0.40	0	0
2004 Houston AA	0	0	18	264	18	264	13.16	0	0
Limited Review:									
2003 Dallas AA	0	0	1	1,492	1	1,492	99.60		
2004 Dallas AA	0	0	1	1,742	1	1,742	86.84		

* '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.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings (2000 Census Data)

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: TFNB 2003 AND 2004 Evaluation Period: January 1, 2003 to May 23, 2005																	
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
Full Review:																	
2003 Houston AA	90.31	3	75.00	0	33	0	67	0	0	0	0	0	0	8.56	30.90	30.02	30.42
2004 Houston AA	89.92	3	75.00	0	33	0	67	0	0	0	0	0	0	8.93	30.95	29.61	30.42
Limited Review:																	
2003 Dallas AA	9.69	1	25.00	0	0	100	0	0	0	0	0	0	0	7.00	24.82	37.03	31.15
2004 Dallas AA	10.08	1	25.00	0	0	100	0	0	0	0	0	0	0	7.00	24.82	37.54	30.65