



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act
Performance Evaluation

**Woodforest National Bank
Charter Number: 16892**

**13301 East Freeway
Houston, TX 77015**

Office of the Comptroller of the Currency

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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 **Woodforest National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Woodforest National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	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 in Texas is good, and lending in North Carolina is adequate.
- A substantial majority of loans were originated in the designated assessment area (AA).
- The loan-to-deposit ratio since the prior examination is reasonable at 70 percent although below a peer group average of 84 percent.
- Investments are adequate in the Houston AA and good in North Carolina considering the bank's capacity and resources.
- Branch distribution among low- and moderate-income geographies is adequate. A full range of services are offered in branches in both states, and the level of community development services is good in Texas. The bank has not had a presence in North Carolina long enough to develop community 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 Metropolitan Area (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 C.F.R. Part 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 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 data on loan pricing, the lien status of the collateral, any requests for pre-approval 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 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

Founded in 1980, Woodforest National Bank (WNB) is a growth-oriented interstate bank that has become one of the largest independently owned banks in the Houston, Texas area. The bank offers services in traditional and retail environments and provides commercial and consumer services through a total of 177 branch offices in Texas and 39 in North Carolina as of September 5, 2006. As of this date, the bank also has 19 locations in Virginia and 3 in Ohio that have been open less than one year that were not part of this evaluation. Of the total branches, 30 are traditional bank branches in the Houston AA and one traditional branch in Dallas, Texas. Based on bank-provided information, the traditional branches in Houston AA account for approximately 95 percent of all loan originations. Deposit activity is also concentrated in the Houston AA traditional branches with 68 percent of total deposits. The other branch locations are non-traditional locations located in Wal-Mart stores, Kroger grocery stores, independent groceries, and one branch in a Houston furniture store. Based on bank information, deposits in Houston are approximately 86 percent of all bank deposits. Similarly, approximately 97 percent of all reported CRA and HMDA loans in 2004 and 2005 were originated in the Houston AA. For the bank's non-traditional branches, the primary business strategy for opening new branches is dependent upon Wal-Mart opening new store locations.

WNB is a wholly-owned subsidiary of Woodforest Financial Group (WFG) headquartered in The Woodlands, Texas in Montgomery County. WFG had assets of \$2.1 billion as of June 30, 2006. In addition to the bank, WFG operates affiliated interests including Woodforest Financial Services, Inc., a non-bank subsidiary that provides mutual funds, annuities, and employee benefit plans to small and medium-sized businesses. WFG also has ownership in Houston area real estate holding companies including Woodforest Lake Houston, LLC, Woodforest Plaza, LLC and Tomball East Gate, LLC. Affiliate activities were not considered in this evaluation of the bank's CRA performance and did not have impact on the bank's capacity for community reinvestment. WNB was not engaged in any merger or acquisition activity during this evaluation period. The bank was rated "Satisfactory" at its last CRA Performance Evaluation dated July 14, 2003. We did not identify any legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its AA.

WNB has experienced significant growth during the evaluation period. Assets increased from \$1.3 billion at the prior CRA examination to \$2.1 billion at June 30, 2006. This growth resulted from continued branching activities in Texas and the expansion into North Carolina with Wal-Mart retail branches. At June 30, 2006, net loans were \$1.3 billion and represented 64 percent of assets. Lending activities are concentrated in real estate and totaled \$1.1 billion or 84 percent of the total loan portfolio. The largest concentration in real estate is in commercial real estate of \$511 million (46% of real estate loans) and land loans of \$449 million (40% of real estate loans). One-to-four family residential property is significantly less at \$143 million or only 13 percent of total real estate loans. The remaining 1 percent of real estate loans are multifamily and farmland. Commercial loans are the second largest category of loans in the loan portfolio at \$148 million or 11 percent of total loans. Consumer lending at June 30, 2006 totaled \$32 million or about 2 percent of total loans. All other lending is \$36 million or 3 percent of total loans. Tier 1 Capital was \$164 million at June 30, 2006. The loan-to-deposit ratio has averaged 70 percent since the prior examination compared to a peer group average of 84 percent.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Conclusions regarding the Lending Test in Texas are based on CRA and HMDA loan data collected and reported for calendar years 2003, 2004, and 2005. For community development loans, the evaluation period is from the date of the prior CRA examination of July 14, 2003 to September 5, 2006. Evaluation of the small business lending performance was weighted most heavily in determining the rating for the Lending Test since it represents about 79 percent of reported lending activity. Residential home mortgage lending activity represented about 20 percent of reported lending activity and was assigned less weight in evaluating lending performance. Farm lending was insignificant at less than 1 percent. In North Carolina, we sampled other loans originated in 2005 and 2006 since the bank reported only one originated HMDA-reportable loan.

Data Integrity

We completed a data integrity review in February 2006. We tested information collected under the HMDA for home mortgage products and CRA data collected for small loans to businesses by reviewing a sample of loan information. We found the data was reliable for 2003, 2004, and 2005 CRA data. For HMDA, we found the data was reliable for 2004 and 2005, but 2003 HMDA data was not reliable. Management reviewed and corrected 2003 HMDA information and resubmitted correct information prior to the start of this evaluation. This evaluation is based on accurate data.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of AAs within that state was selected for full-scope reviews. Refer to the "Scope" section under each State Rating for details regarding how the areas were selected.

Ratings

The bank's overall rating is a blend of the state ratings. The state rating for Texas was most heavily weighted in arriving at our conclusions. The majority of deposits and loans are in Texas. Also, Texas is the only state with traditional branches, and it is the only state in which the bank has had a presence for any length of time. North Carolina was assigned little weight in our conclusion based on the recent entry to the state. Branches in North Carolina are in-store Wal-Mart locations.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

Fair Lending Review

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

State Rating

State of Texas

CRA rating for Texas: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- The income level of the borrower distribution of small loans to businesses is excellent and exceeds the characteristics of the AA in Houston. The geographic distribution of small loans to businesses is good in the Houston AA and similar to the characteristics of the AA in moderate-income CTs although lower than the characteristics of the AA in low-income CTs.
- Overall, the geographic distribution of home mortgage loans is good in the Houston AA.
- Loans originated in the AA are approximately 90 percent.
- The bank has a good level of community development loans that had a positive impact on the Lending Test rating.
- The bank has an adequate level of investments of approximately \$3.6 million including qualified investments from the prior period considering its capacity and resources.
- Services in Texas are adequate. Although generally below the percentage of the population living in low- and moderate-income CTs, there is not an absence of branches in these CTs.

Description of Institution's Operations in Texas

The bank's primary operations are in Texas. Although WNB has less than a 1 percent market share of deposits in the state, it is ranked 19th in deposit market share. Most of the bank's loans and deposits are in the Houston AA as discussed in the previous *Description of Institution* section and below. In the Houston AA, the bank is 9th in market share of deposits with a 1.44 percent market share. Competition is intense in the Houston AA. Major competitors in Houston include large nationally chartered banks including JPMorgan Chase Bank, National Association (NA), Bank of America, NA, and Wells Fargo Bank, NA. Other major competitors with larger market shares in Houston include Zion's Bank, NA, Washington Mutual, Federal Savings Bank (FSB), Compass Bank, Sterling Bank, and World Savings Bank.

Refer to the market profile for the state of Texas in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in Texas

We evaluated the bank's performance in Texas by performing a full-scope review of the Houston AA and a limited-scope review of the Dallas AA. We selected the Houston AA for a full-scope review because the bank conducts most of its operations within this AA. Approximately 86 percent of the deposits and 97 percent of reportable HMDA and CRA loan originations during the evaluation period were in the Houston AA. The bank also operates in Wal-Mart locations across Texas in the following counties/MSAs: 1) Amarillo; 2) Austin; 3) Beaumont – Jefferson County; 4) Cass; 5) Fredericksburg; 6) Harrison; 7) Howard; 8) Johnson; 9) Limestone; 10) Longview; 11) Navarro; 12) San Antonio; 13) Shelby; 14) Sherman-Grayson; 15) Texarkana; 16) Titus; 17) Tyler; 18) Van Zandt; 19) Victoria; and 20) Washington. The bank has minimum (less than 10 total loans) to no activity in these AAs. These AAs will not be included in the tables, as an analysis of these areas would not be meaningful except for Table 15. Distribution of Branch Delivery System and Branch Openings/Closings to analyze the geographic distribution of the bank's branches.

Additionally, the Houston AA has the highest number of branches, and WNB has a long history of serving this market. Please refer to the table in Appendix A for more information. The bank's overall rating is based primarily on the lending activity in the Houston AA. Small business lending performance was given the greatest weight under the Lending Test since it is a primary business line. Residential real estate lending is a lesser product and less weight was assigned to this product.

Significant consideration was given to the bank's lending performance in the Houston AA. This is due to the higher volume of lending, especially small loans to businesses, which is a primary product line. The bank also has a good level of community development lending in this area. It is important to note that approximately 95 percent of the bank's loans are generated from 30 traditional branches in the Houston AA based on bank-provided information. In Houston, the bank also has 60 branches mostly at Wal-Mart stores, some Kroger grocery stores, and other smaller retail establishments in the Houston AA. Lending activity in these is minimal and mostly consumer overdrafts that are not reported under the CRA.

We assessed CRA performance for the entire evaluation period. The Lending Test was for the period January 1, 2003 through December 31, 2005. Community Development lending, student loans, and the SBA Express innovative product were reviewed from the last CRA examination dated July 14, 2003 through September 5, 2006. We gave slightly more weight to the bank's performance for the two most recent years, 2004 and 2005. However, the entire evaluation period was considered when deriving the bank's final CRA rating.

Three community contacts were completed during this evaluation. All three were Community Development Corporations (CDC) in the Houston AA. One CDC leader identified a need for neighborhood commercial facilities including neighborhood shopping centers and strip malls. Other community credit needs identified included affordable housing financing, land acquisition for infill and small subdivision development, and services to the unbanked and immigrant populations without mainstream banking relationships. Another CDC contact stated that the greatest need is to identify mortgage loans for persons with low credit scores. A third CDC contact stated the number one need is for mortgage financing for individuals at or below 80 percent of the median income. In addition, we reviewed a recent community contact with a

government official in Montgomery County. This contact stated that the City of Conroe in Montgomery County was in need of additional multifamily residences with an emphasis on low- and moderate-income levels.

We found that WNB originates commercial loans and finances shopping centers and strip malls. Also, the bank offers services to the Spanish-speaking immigrant population through its Tu Banco branches discussed in the Services Test. And, as detailed in the Community Development Lending section, WNB originates loans for multifamily residences for low- and moderate-income persons. Also, our review of the bank's community development lending did identify loans for affordable housing. The bank's underwriting standards do not consider credit scores in the loan approval process. Meeting these credit needs had a positive impact on the evaluation of the bank's performance.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in the Houston AA is rated "High Satisfactory". Overall lending performance in the AA is good based on the bank's performance context and the full-scope review of the Houston AA. Small loans to businesses are given more weight for the Lending Test since these loans represent 79 percent of the bank's total reported loans. Residential loans represent 20 percent of the bank's total reported loans and are assigned less weight. The volume of small loans to farms is less than 1 percent and not rated. During the evaluation period, WNB originated only 10 small loans to farms. Community development loans have a positive impact on the bank's lending activity. In addition, the bank offers student loans, both subsidized and unsubsidized. The bank also offers an innovative small business product known as SBA Express. This program is a collaborative effort between the SBA and the National Community Reinvestment Coalition.

Lending Activity

Refer to Table 1 Lending Volume in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's lending activity.

WNB's lending in the assessment area is good. Most of the loans reported during the evaluation period were originated in the Houston AA.

Based on 2005 Peer Small Business Data, WNB was 18th in small loans to businesses by number with a 1 percent market share. WNB was 11th by dollar with a 3 percent market share. WNB is not a dominant lender in the market for home mortgage products. The assessment area is saturated with home mortgage lenders. Based on 2004 Peer Mortgage Data, WNB had less than 1 percent (0.10 percent) market share and ranked 132nd for home purchase loans. The bank ranked 15th with market share of 1.32 percent for home improvement loans. The bank's refinance originations ranked 87th with a market share of less than one percent (0.18 percent). Small loans to farms are not a significant loan product for any of the lenders in the market.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

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

The bank's overall distribution of loans by income level of the geography is good. Geographic distribution by census tract (CT) of home mortgage products in the AA is excellent for home purchase, refinance, and multi-family in 2004 and 2005 and adequate for home improvement loans. Overall performance in 2003 is less than the 2004/2005 performance but is good overall.

Home Purchase Loans

The geographic distribution of home purchase loans is excellent. In 2004 and 2005, the percentage of loans originated in low-and-moderate income CTs exceeds the percentage of owner-occupied units in the Houston AA. WNB originated 3.6 percent of its loans in low-income CTs compared to the 2.93 percent of owner-occupied units in the Houston AA. Originations in moderate-income CTs also exceeded at 24.77 percent compared to the 22.66 percent of owner-occupied units. In addition, the bank's market share in low- and moderate-income CTs exceeds its overall market share. WNB has a .08 percent market share in low-income CTs and a .10 percent market share in moderate-income CTs exceeding its overall market share of .06 percent. In 2003, WNB's performance is similar in moderate-income CTs and poor in low-income CTs. WNB did not originate any loans in low-income CTs in 2003.

Home Improvement Loans

The geographic distribution of home improvement loans is adequate. In 2004 and 2005, the percentage of loans originated in low-income CTs is poor. WNB originated 0.40 percent of its loans in low-income income tracts compared to the 2.93 percent of owner-occupied units in the Houston AA. The percentage of loans originated in moderate-income CTs is adequate. WNB originated 12.00 percent of its home improvement loans in moderate-income tracts compared to the 22.66 percent of owner-occupied units in the Houston AA. WNB has a .44 percent market share in low-income tracts and a .84 percent market share in moderate-income tracts. This is lower than the bank's overall market share of 1.31 percent. In 2003, WNB's performance is good in moderate-income tracts and poor in low-income tracts. WNB did not originate any loans in low-income CTs in 2003.

Home Mortgage Refinance Loans

The geographic distribution of home mortgage refinance loans is excellent. In 2004 and 2005, the percentage of bank loans in low- and moderate-income CTs exceeds the percentage of owner-occupied units. WNB originated 6.64 percent of its home refinance loans in low-income CTs compared to the 2.93 percent of owner-occupied units in the Houston AA. Originations in

moderate-income CTs also exceed at 45.02 percent compared to the 22.66 of percent owner-occupied units in the AA. WNB has a .97 percent market share in low-income CTs and a .53 percent market share in moderate-income CTs for home mortgage refinance loans. This exceeds the bank's overall home mortgage refinance market share of 0.18 percent in 2004 and 2005. In 2003, WNB's performance in low- and moderate-income CTs is poor. WNB did not originate any loans in low-income CTs in 2003.

Multifamily Loans

The geographic distribution of multifamily loans is excellent. WNB reported a total of nine multifamily loans during this evaluation period. Of those loans, six or 67 percent were originated in moderate-income CTs, and several of these also qualified as community development loans. The community development loans are discussed in that section of this Performance Evaluation. In 2004 and 2005, WNB had no market share in low-income CTs and a .89 percent market share in moderate-income CTs for multifamily loans. The market share in moderate-income CTs exceeds the bank's overall multifamily market share of .71 percent. WNB did not originate any loans in low-income CTs during the evaluation period.

Small Loans to Businesses

Refer to Table 6 in the state of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the origination/purchase of small loans to businesses.

This is WNB's primary loan product. In 2004 and 2005, the geographic distribution is adequate in low-income CTs and good in moderate-income CTs for loan originations to small businesses with revenues of \$1 million or less. The percentage of loans originated in low-income CTs of 2.79 percent is somewhat lower than the percentage of businesses of 4.92 percent located in low-income CTs. The percentage of loans in moderate-income CTs of 22.39 percent is near to the percentage of businesses located in moderate-income CTs of 25.14 percent. WNB has .84 percent of the small business loan market share in the Houston AA. WNB has a .45 percent market share in low-income CTs, below the bank's overall market share. However, WNB's market share in moderate-income CTs of .89 percent exceeds its overall market share. In 2003, WNB's performance in low-income CTs is poor and good in moderate-income CTs. The percentage of loans originated in low-income CTs of 2.09 percent is lower than the percentage of businesses of 5.03 percent located in low-income CTs. The percentage of loans in moderate-income CTs of 23.78 percent is near to the percentage of businesses located in moderate-income CTs of 25.46 percent. Market share information was not available for 2003.

Small Loans to Farms

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

The distribution of small loans to farms is not analyzed due to the low volume of this product. WNB originated 10 small loans to farms during the evaluation period.

Lending Gap Analysis

An analysis of lending activity was performed during this examination. The results reflected an even distribution of residential real estate mortgages throughout the Houston AA. Small business loan originations also reflected a good distribution throughout the Houston AA with greater concentrations in North Harris and Montgomery counties.

Inside/Outside Ratio

A substantial majority of the number of loans originated during the evaluation period are in the AAs. During the evaluation period of the Houston AA, approximately 92 percent of loans reported were within the AA in 2004 and 2005. Of the total, approximately 89 percent of home mortgage loans and 93 percent of small loans to businesses were originated in the Houston AA. Within Texas, the percentage was greater at 94 percent. Within Texas, the percentage is 90 percent for home mortgage loans and 96 percent for small loans to businesses. All of the bank's community development loans were originated in the AA. This performance was a positive factor in the overall analysis of the Lending Test.

Distribution of Loans by Income Level of the Borrower

Overall, WNB's distribution of loans by income level of the borrower is good. The distribution of home mortgage products by income level of the borrower is adequate. The distribution of small loans to businesses by income level of the borrower is excellent.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Home Purchase Loans

The distribution of home purchase loans by income level of the borrower is poor. In 2004 and 2005, the percentage of loan originations to low-income borrowers at 1.61 percent is very poor and significantly lower than the 22.35 percent of the population designated as low-income in the Houston AA. However, it is difficult for low-income borrowers to qualify for home purchase loans, and this was considered in the overall lending rating. The percentage of loan originations to moderate-income borrowers at 9.68 percent is adequate and somewhat lower than the 17.24 percent of the population designated as moderate-income. WNB has a 0.01 percent market share for low-income borrowers and a 0.03 market share for moderate-income borrowers. This is below the bank's overall market share of 0.06 percent. WNB's performance in 2003 is poor for low- and moderate-income borrowers.

Home Improvement Loans

The distribution of home improvement loans by income level of the borrower is adequate. In 2004 and 2005, the percentage of loan originations to low-income borrowers at 3.75 percent is poor and lower than the 22.35 percent of the population designated as low-income in the Houston AA. The percentage of loan originations to moderate-income borrowers at 17.08 percent is good and near to the 17.24 percent of the population designated as moderate-income. WNB has a 0.34 percent market share for low-income borrowers and a 1.31 market share for moderate-income borrowers. This is below the bank's overall market share of 1.35 percent. WNB's performance in 2003 is poor for low-income borrowers and good for moderate-income borrowers.

Home Refinance Loans:

The distribution of home refinance loans by income level of the borrower is adequate. In 2004 and 2005, the percentage of loan originations to low-income borrowers at 3.52 percent is poor and lower than the 22.35 percent of the population designated as low-income in the Houston AA. The percentage of loan originations to moderate-income borrowers at 17.08 percent is good and near to the 17.24 percent of the population designated as moderate-income. WNB has a 0.10 percent market share for low-income borrowers and a 0.07 market share for moderate-income borrowers. This is below the bank's overall market share of 0.21 percent. WNB's performance in 2003 is very poor for low-income borrowers and adequate for moderate-income borrowers.

Small Loans to Businesses

Refer to Table 11 in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to business is excellent. The percentage of bank loans originated to businesses with revenues of \$1 million or less was 64.94 percent and exceeds the percentage of businesses in the AA that reported revenues of \$1 million or less of 64.66 percent in 2004 and 2005. In addition, the bank's market share of 1.09 percent exceeds its overall market share of .84 percent. In 2003, the percentage of bank loans originated to businesses with revenues of \$1 million or less was 72.02 percent and exceeds the percentage of businesses in the AA that reported revenues of \$1 million or less of 62.68 percent. WNB is one of the top 20 small business lenders in the Houston AA. Based on 2005 Peer Small Business Data, WNB was ranked 18th in loans to small businesses by number with a 1 percent market share and 11th by dollar with 3 percent market share.

Small Loans to Farms

Refer to Table 12 in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The borrower distribution of small loans to farms is not rated due to the low volume of this product. WNB originated 10 small loans to farms during the evaluation period.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

WNB's level of CD lending is good and has a positive impact on the Lending Test conclusions. WNB made a total of 5 CD loans totaling \$19 million. Bank management has identified affordable housing, small business loans, and technical assistance as pressing needs in the Houston MSA. WNB demonstrated an excellent level of responsiveness to affordable housing needs, financing more than \$8 million in construction and rehabilitation expenses associated with multifamily affordable housing properties. The following are details of the most significant community development loans:

- WNB funded 2 loans totaling \$1.6 million to purchase and renovate apartments in a middle-income census tract in Channelview, TX. Rents are subsidized by Housing and Urban Development (HUD) and because of this, the landlord must charge a minimum of \$.67 per square foot. Leases are structured at \$.75 per square foot. The complex has 301 rentable units with a total of 260.5 thousand square feet of rentable space.
- WNB funded a loan to purchase a 275-unit apartment complex in Houston, TX. This complex is in a moderate-income CT, and it caters to low- and moderate-income individuals with rents ranging from \$470 to \$605 per month. Rates are below the \$612 median range for rents in the Houston AA.
- WNB funded two Revolving lines of credits (RLCs) (one for \$3 million and the other for \$500 thousand). The purpose of these RLCs was to provide working capital for a customer to originate "*sub-prime*" affordable mortgages that the customer would then sell in the secondary market.
- WNB originated a loan to finance construction of a 192-bed nursing home in a small community in Texas. WNB approved this loan under the SBA's 504 Program and \$1.9 million is the guaranteed portion. The nursing home will operate under a State of Texas Medicaid license, and there have been no new licenses issued in 15 years. This license was purchased from a closed nursing home in the same county. The owner/operator reported that 70 percent of the residents will receive Medicare/Medicaid. In addition, the nursing home is being built in a CT that is designated as distressed or underserved.

In addition, the bank originated loans to provide technical and social services, including job training for low- and moderate-income persons. WNB has funded approximately \$6.8 million in loans that are included in the HMDA-Loan Application Register or small business lending totals that are for low- and moderate-income families with a community development purpose. For example, WNB originated three loans totaling \$668 thousand for a pregnancy center that provides free services to low- and moderate-income expectant mothers. Loans totaling \$5.1 million were funded to provide affordable housing to low- and moderate-income families.

The bank also originated loans totaling \$925 thousand to fund a housing, job training, and job placement center for recent prison parolees. In addition, loans totaling \$168 thousand were originated to 2 non-profit redevelopment corporations for the establishment of a day labor and education center to promote worker/contractor exchange, primarily serving the unemployable.

Product Innovation and Flexibility

These products are designed to meet special credit needs in the bank's AA. These loan products are not separately listed in the loan tables in Appendix D.

Small Business Administration (SBA) Community Express Loan Program

WNB participates in the SBA's Community Express Loan program. This program is a collaborative effort between the SBA and the National Community Reinvestment Coalition (NCRC). NCRC is a non-profit trade association comprised of over 800 dues paying community development and advocacy groups. Members are involved in and committed to revitalizing distressed and underserved communities.

This program is designed to target small businesses owned by minorities, women, and veterans located or locating in low- and moderate-income urban and rural areas. To ensure the appropriate market is targeted, SBA requires lenders to identify their target markets prior to participation. Lenders must designate specific geographic areas and these areas must be low- or moderate-income. If a lender makes a loan outside a low- to moderate-income area, the lender must ensure the borrower demographic information that substantiates program eligibility is recorded in the loan file.

Under this program, the maximum loan amount is \$250 thousand and SBA guarantees conform to those of the standard 7(a) program. In addition, the participating bank uses their own underwriting standards and performs their own analysis. The required paper work is streamlined, and a response is usually received within 36 hours. Borrowers must receive pre- and post-loan closing technical and management assistance from local non-profit providers and/or from the participating lender. WNB has been involved in this program since January 2005 and has originated 88 loans totaling \$2.6 million, with an average loan amount of \$30 thousand. Other features of this program include:

- No collateral is required for loans less than \$25 thousand.
- Up to 100 percent financing.
- Up to 7-year amortization.
- No prepayment penalty.
- Low processing fees of \$475 plus 2 to 3 percent of the guaranteed portion of the loan.

Covenant Capital refers the majority of this business to WNB. Covenant Capital is a nonprofit organization that provides services to small business owners. This arrangement has worked well for WNB as one of the requirements of the Community Express program is that the borrower must be provided technical assistance throughout the life of the loan.

Student Loans

WNB participates in the student loan program originating both subsidized and non-subsidized loans. For the years 2004 and 2005, and through June 30, 2006, WNB originated \$21.4 million, \$23.7 million, and \$14 million in loans, respectively. Of these totals, subsidized loans represent \$9.5 million, \$10.9 million, and \$6.6 million for the years 2004, 2005, and through June 30, 2006, respectively. These loans provide a valuable service to the community.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance outside of the Houston AA is inconsistent with the bank's overall performance under the Lending Test in the Houston MA. However, loan volume in those areas is less than 3 percent of total reported loans. Branch offices outside the Houston MA are located in Wal-Mart stores. There is very little lending activity from these branches. A substantial majority of the loan activity is concentrated in Harris and Montgomery Counties.

The Dallas AA, which is a limited-scope area and has 1 traditional branch, reflected an excellent level of originations to small businesses in moderate-income tracts for 2004 and 2005. WNB originated 28.79 percent of its small loans to businesses in moderate income CTs compared to 24.48 percent of the businesses that are located in the AA. Lending in low-income CTs was lower than the characteristics of the Dallas AA. WNB originated 1.52 percent of small loans to businesses in low-income CTs compared to the 4.28 percent of the businesses located in those CTs. The number of WNB loans substantially met the standards for Satisfactory performance in lending to businesses with revenues of \$1 million or less. In 2004 and 2005, WNB originated 62.12 percent of its loans to small businesses compared to the 64.05 percent of small businesses located in the AA. In 2003, small loans to businesses originations in the Dallas AA were insignificant. WNB originated only 4 loans. Also, the Dallas AA reflected an excellent level of originations to moderate-income borrowers for home improvement loans for all 3 years during the examination period.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance in Texas under the Investment Test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Houston AA is adequate considering its capacity and resources.

Refer to Table 14 in the state of Texas section of Appendix D 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. In Texas, the bank has total investments of \$3.6 million. This included ongoing investments from the prior evaluation period and investments originated during this evaluation period. WNB also originated a modest amount of grants, donations, and in-kind contributions that meet the definition of community development. Examples of qualified investments originated during the evaluation period are:

- Woodforest Charitable Foundation. The foundation was established to enrich communities served by Woodforest through partnerships with charitable organizations. The foundation partnered with several organizations that serve Montgomery County and the surrounding area including:
 1. Interfaith of the Woodlands that provides services such as a food pantry, child development, and employment assistance.
 2. The Community Clinic that provides free basic medical care to people who are low-income and uninsured.
 3. Montgomery County Women’s Center that provides safe shelter, counseling, education, and legal services to victims of family violence or other abuse.
 4. Texas New Community Alliance that is developing a community where mentally challenged adults can live, learn, and work. The adults are very low income.
- CRAFund Advisors. The fund has been reallocated several times during the evaluation period. The most recent allocation shows 2 investments totaling \$275 thousand in the Houston AA. The first is an investment of \$125 thousand in Fannie Mae Pool 383308 that finances a Low Income Housing Tax Credit Project in Katy, Texas in Harris County. All of the 120 units are restricted to tenants with incomes at or below 60 percent of the area median family income. The second is an investment of \$150 thousand in Fannie Mae Pool 386464 that finances a Low Income Housing Tax Credit Project in Houston, Texas. The bank’s fund allocation also has an investment in Dallas, Texas of \$125 thousand that finances a Low Income Housing Tax Project in Fannie Mae Pool 387109.
- An investment in general obligation bonds of Dominion Community Development Corporation, Inc. of \$441 thousand founded to promote and initiate affordable housing, economic development, education, and human and social services targeted to low- and moderate-income communities in Houston, Texas.
- A purchase of two Certificates of Deposit totaling \$199 thousand from a Community Development Bank in the Houston AA.
- Prior period investments in an Independent School District Qualified Zone Academy Bond of \$2.2 million and the Tejano Center for Community Concern Danbury Education Authority Bonds originally purchased for \$605 thousand with a remaining balance of \$370 thousand.

In addition to these investments, the bank has provided several in-kind donations in service to the community. These include the provision of office space at no charge to a consumer credit counselor and serving as a collection location for the Fairway Home and the Children’s Miracle

Network. Similarly, the bank served as a collection point for Hurricane Rita victims collecting more than \$50 thousand for relief efforts.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance in the Dallas AA under the Investment Test is consistent with the bank's overall "Low Satisfactory" performance under the Investment Test in Texas. Investments in the Dallas AA totaled \$126 thousand. Refer to the Table 14 in the state of Texas section of Appendix D 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 in Texas is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Houston AA is adequate.

Retail Banking Services

Refer to Table 15 in the state of Texas section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Of the 177 branches in Texas, 31 are traditional, full-service branches and 146 are in-store branches. These in-store branches are small outlets located in retail establishments such as Wal-Mart, Kroger grocery stores, independent grocery stores, and a furniture store. Except for 1 traditional branch in the Dallas, Texas AA, traditional branches are located in the Houston AA. The in-store branches are opened pursuant to agreements WNB has with the retailers, and WNB does not have any influence over the location. During this evaluation period, WNB opened 65 branches in Texas and closed 3 branches. Of the 65 branches, 6 were traditional branches. The 3 branches closed in Texas were located in retail establishments closed by the retailer. Within Texas, 3 branches are located in low-income CTs with 2 in the Austin, Texas AA and 1 in Conroe, Texas which is part of the Houston AA. In moderate-income CTs, the bank has 27 branches with 18 in the Houston AA. Middle-income CTs have 76 branches, and the remaining 71 are in upper-income CTs. WNB has a branch in a distressed or underserved area in Texas in Howard County. In addition, a branch in Beaumont, Texas is in the Hurricane Rita disaster area and operated during the aftermath of the hurricane since it was in a grocery store powered by a generator.

In the Houston AA, WNB has 90 branches, consisting of 30 traditional branches and 60 in-store branches located mostly in Wal-Mart stores. Of the in-store branches, 5 are open 7 days a week and 24 hours a day. A single branch is in a low-income CT, 18 are in moderate-income tracts, 33 are in middle-income tracts, and the remaining 38 are in upper-income tracts. In the Houston AA, 6.60 percent of the population resides in low-income tracts, in which WNB has 1.11 percent of its branches; 29.99 percent live in moderate-income tracts, in which WNB has 20.00 percent of its branches; 30.59 percent live in middle-income tracts in which WNB has 35.56 percent of its branches; and 32.77 percent of the population lives in upper-

income tracts, in which WNB has 42.22 percent of its branches. Since the previous CRA evaluation in 2003, WNB has opened 32 branches in the Houston AA and closed 1 branch. It was not in a low- or moderate-income CT.

The bank offers standard loan and deposit products and services to its customers. WNB is a SBA Preferred Lender enabling the bank to originate small business loans with a simplified application and approval process. For check processing, WNB has an 8:00 PM daily cutoff time 7 days per week with 24 hour processing, thus improving accessibility to customers' personal and business accounts. In addition, the bank offers 3 innovative checking products. *Second Chance Checking* is available to customers with credit problems that would prevent them from obtaining a traditional checking account. *Take Charge Checking* offers *Second Chance Checking* customers overdraft protection. And, the *Privilege Plus Account* is an account used by customers that open an account using a Matricula Card. As of May 2006, WNB had 50 thousand *Second Chance Checking* accounts, 4.4 thousand *Take Charge Accounts*, and 287 *Privilege Plus Accounts*.

Products and services are reasonably accessible by all geographies in the Houston AA. The branch network in neighborhood Wal-Mart stores has improved the overall accessibility of bank products and services, primarily those related to deposits. Of the in-store branches, 5 are open 7 days per week and 24 hours per day to make products and services available when customers are present. Hours of operation at other locations are convenient. Traditional branches are typically open Monday through Thursday from 9:00 AM to 4:00 PM, and on Saturday from 9:00 AM to noon. Drive-in hours are extended. In-store branches offer extended hours and are typically from 8:00 AM to 8:00 PM Monday through Saturday. On Sunday, in-store branch hours are from noon to 4:00 PM. An in-store branch in a furniture store is open 7 days a week from 8:00 AM to 10:00 PM. In addition, WNB has 2 branches, Tu Banco (Your Bank), in Hispanic grocery stores that are staffed 7 days per week. More than a thousand checking and savings accounts have been opened at Tu Banco since its start in November 2003. The branch is working to meet the community's needs with check cashing fees that are currently 1 percent of the check amount, Western Union transfers for remittances, postal services, and a bilingual staff. The bank accepts Matricula cards and provides forms and assistance to apply for identification numbers. Once an account is opened, the customer receives a picture ID that is accepted at any Woodforest branch.

Alternative delivery systems increase the accessibility of bank products and services. The bank has an extensive automated teller machine (ATM) network including 2 mobile ATMs. In addition, WNB offers online banking and an automated voice response system.

Community Development Services

WNB provides a good level of community development services in the Houston AA, and these services had a positive impact on the Service Test rating assigned to the bank. Some examples of the qualified services include:

- The CRA Officer serves on the Board of the Credit Coalition that offers counseling services to its clients on topics such as "Fundamentals of Good Credit" and "Life as a Homeowner", among others. Clients of the Credit Coalition are predominantly low- and moderate-income.

- The bank services 32 loans with an outstanding balance of approximately \$1 million for the Habitat for Humanity. This is of additional significance since WNB does not normally service principal and escrow payments for residential mortgages.
- A senior officer serves on the Budget Committee and provides financial advice for the Montgomery County Emergency Assistance. This organization assists residents with shelter, food, clothing, medicine, and fuel during an unexpected crisis or financial need.
- A senior officer serves on the Board and is the Treasurer for Texas New Community Alliance. This organization serves mentally challenged individuals that are considered very low income.
- The CRA Officer serves on the Finance Committee for the Montgomery County Committee on Aging. The committee office is located in a moderate-income census tract and provides senior dining, meals on wheels, transportation, and other activities for seniors. United Way information shows the organization's primary purpose benefits low- and moderate-income persons.
- A senior officer serves on the Fund Raising Committee and provides financial advice for the Children's Safe Harbor. This organization serves abused children by centralizing the professionals to meet the children's special needs. The agency uses US HUD levels to designate income levels, and recipients are of low- to very low-income levels.
- The CRA Officer participated in the Fifth Ward Community Redevelopment Corporation Homebuyer Fair. Fifth Ward has been part of an Urban Revitalization Plan.
- The Tu Banco branch in Conroe, Texas adopted Runyan Elementary located in a moderate-income CT. Employees of the branch attend the school twice per month, and students that have opened a savings account can make a deposit.
- WNB received a proclamation from the Mayor and City Council of Conroe, Texas commending the bank for enhancing city economic development by providing opportunities for the Hispanic population. Also, WNB received the FDIC's Pioneer Award for bringing financial products and services to immigrant markets.

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 consistent with the bank's overall "Low Satisfactory" performance under the Service Test in Texas. Refer to Table 15 in the state of Texas section of Appendix D for the facts and data that support these conclusions.

State Rating

State of North Carolina

CRA Rating for North Carolina: Satisfactory

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Efforts to obtain loans have been reasonable although WNB has not been able to generate a significant volume of loans in North Carolina.
- WNB has a good level of investments in North Carolina considering the short time the bank has operated in North Carolina
- The bank has an adequate distribution of branches in low- and moderate-income CTs in North Carolina.
- Retail services offered are adequate, and WNB does not yet have any community development services in North Carolina.

Description of Institution's Operations in North Carolina

WNB's primary operations are in Texas. WNB recently entered the North Carolina market in April 2005. As of the examination date, WNB had 39 branches in North Carolina with the first branch opening on April 1, 2005. Of the total, 14 branches had been open for one year or longer as of this evaluation. All branches are in-store branches in Wal-Mart stores. Statewide, deposits were \$22.4 million, and loans were approximately \$3.5 million. Compared to the bank's total assets of \$2.1 billion, North Carolina assets are small at less than one percent. In addition, WNB does not have enough of a market share to be ranked for deposits or loans. Competition in North Carolina is intense and includes large national banks such as Bank of America, NA, and Wachovia Bank, NA.

Refer to the market profiles for the state of North Carolina in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in North Carolina

We evaluated the bank's performance in North Carolina by performing a full-scope review of the Charlotte AA. The Charlotte AA was chosen because it has the largest volume of deposits in North Carolina. Charlotte has 6 branches with total deposits as of September 7, 2006 of \$3.7 million.

The lending activity in North Carolina represents less than 1 quarter of 1 percent (.25 percent) of the total amount of the bank's reported loans. Only 1 loan was reported under HMDA during this evaluation period, and none were reported for small loans to businesses in accordance with CRA data reporting. The one HMDA reportable loan was originated in Hickory in Catawba County in a middle-income CT for \$201 thousand to an upper-income borrower. Therefore, we used an alternative method to determine lending performance in North Carolina. There were not any AAs in North Carolina that merited a limited-scope designation. North Carolina has 39 Wal-Mart branch locations throughout the state. In addition to the Charlotte AA in Mecklenberg County, WNB has branches in the following Counties/MSAs: 1) Burlington – Alamance County, 2) Carteret, 3) Cleveland, 4) Craven, 5) Davie, 6) Davidson, 7) Goldsboro – Wayne County, 8) Greensboro, 9) Greenville – Pitt County, 10) Hickory – Catawba County, 11) Iredell, 12) Raleigh MSA, 13) Robeson, 14) Rocky Mount – Nash County, 15) Rowan, 16) Rutherford County, 17) Stanly County, and 18) Winston-Salem - Forsyth.

These 18 AAs will not be included in the tables except for Table 15. Distribution of Branch Delivery System and Branch Openings/Closings since an analysis of these AAs would not be meaningful. Table 15 is included to analyze the geographic distribution of the bank's branches. Also, they will not be included since the bank's overall rating is based primarily on lending activity in the Houston AA.

We assessed CRA performance for North Carolina since the opening of the first branch on April 1, 2005 through September 7, 2006. We also considered information received during the examination up to December 31, 2006.

We reviewed 2 community contacts completed in North Carolina. Credit needs identified by one contact included the need for operating grants, construction or permanent financing for low-income housing tax credits, and acting as an investor for low-income housing tax credits. Another contact identified the need for a bridge loan to a non-profit organization in the area and providing mortgage financing for individuals completing first-time homebuyer training. WNB is acting as an investor for low-income multifamily housing and joined the Community Investment Corporation of North Carolina in Raleigh, North Carolina that is a wholly owned subsidiary of the North Carolina Bankers Association. This subsidiary provides long-term low-cost financing for low- to moderate-income multifamily developments in the state. In addition to joining, WNB committed to \$225 thousand in participations in 3 multifamily apartment complexes in North Carolina. The issuer reduced the bank's commitment to \$110 thousand based on over-subscriptions. WNB has sought other opportunities to participate in North Carolina. WNB is actively seeking other similar lending opportunities.

Please refer to Appendix A for more information.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in North Carolina is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Charlotte AA and North Carolina is adequate.

Lending Activity

The North Carolina lending activity as of September 7, 2006 consisted of the following:

- North Carolina total consumer loans and overdrafts totaled \$2.7 million, with \$2.3 million consisting of overdrafts.
- North Carolina student loans totaled \$275 thousand. The bank purchased North Carolina student loans during this evaluation period, but WNB does offer both subsidized and unsubsidized student loans.
- WNB has 3 loan participation commitments totaling \$110 thousand for affordable housing loans.
- Lot loans totaling \$576 thousand.

This represents a total of \$3.6 million in loans and commitments in North Carolina as of September 7, 2006. Total loans in Texas and North Carolina as of September 7, 2006 were \$1.4 billion. North Carolina loans and commitments listed above represent less than 1 quarter of 1 percent (.25 percent) of WNB's total loans.

The bank's loan-to deposit ratio was monitored during the examination and as of December 31, 2006, WNB's ratio in North Carolina was reported at 51.23 percent. Deposits at this date are \$25.4 million. Aggregate loan volumes as of year-end 2006 were as follows:

- \$300 thousand in consumer loans;
- \$3.4 million in overdrafts;
- \$205 thousand in student loans; and,
- \$9 million in land development, residential and builder lots, and home mortgages.

We sampled 14 loans during the examination including 3 Reserve Lines of Credit. None were originated in the full-scope area of Charlotte, but 2 of the 3 loans were originated to moderate-income borrowers. In addition, a Reserve Line of Credit was originated to a moderate-income borrower who resided in a moderate-income CT. The other loan originated to a moderate-income borrower was not in a moderate-income CT, but it was in a low population town. In addition, we identified a home equity loan in this sample that was originated in a distressed or underserved middle-income CT for home improvement and to payoff an auto loan. All of these loans were originated during the examination period.

The bank's expansion strategy is to open new branches in Wal-Mart stores. Texas historical information reflects that 95 percent of the bank's lending is originated from the 31 traditional branches rather than the Texas Wal-Mart stores. This trend is also apparent in the North Carolina Wal-Mart branches. Wal-Mart store branches do not typically attract residential mortgage or small business customers. These in-store branches are more attractive to the consumer for deposit based products and are perceived more as a convenience vehicle for the consumer rather than a "full service" banking office. Texas historical information supports this perception. We tested a sample of 111 Texas loans from the HMDA Loan Application Register. Of these 111 loans, 5 percent were originated at in-store branches and 95 percent were originated in 1 of the 31 traditional branches in Texas.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Based on the origination of 1 loan in North Carolina during the evaluation period, an analysis would not be meaningful.

Small Loans to Businesses

WNB did not originate any small loans to businesses in North Carolina during the evaluation period.

Small Loans to Farms

WNB did not originate any small loans to farms. However, it is not a primary product in any of the bank's AAs, including Texas.

Consumer Loans

A review of a sample of Reserve Lines of Credit was discussed above under Lending Activity.

Lending Gap Analysis

Based on the level of lending and our analysis, we did not identify any unexplained conspicuous gaps considering WNB has only been in the North Carolina market in Wal-Mart in-store branches since April 1, 2005.

Inside/Outside Ratio

In our review and sample of loans originated, we did not identify any loans originated outside of North Carolina

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Based on the origination of 1 loan in North Carolina during the evaluation period, an analysis would not be meaningful.

Small Loans to Businesses

WNB did not originate any small loans to businesses in North Carolina during the evaluation period.

Small Loans to Farms

WNB did not originate any small loans to farms. However, it is not a primary product in any of the bank's AAs, including Texas.

Consumer Loans

A review of a sample of Reserve Lines of Credit was discussed above under Lending Activity.

Community Development Lending

WNB did not have any qualified community development loans during the evaluation period. However, WNB joined The Community Investment Corporation of North Carolina. The corporation's mission is to provide financing for decent, safe, and affordable housing in North and South Carolina. It was founded in December 1990 to address the shortage of affordable housing in North and South Carolina. Also, the bank has a total commitment of \$110 thousand to participate in 3 multifamily loans that will qualify as affordable housing loans in the next evaluation period with the Community Investment Corporation of North Carolina.

Product Innovation and Flexibility

As discussed in the state of Texas section, WNB offers the SBA Community Express Loan Program and student loans. WNB has not originated any loans under these programs in North Carolina during the evaluation period. However, WNB purchased \$275 thousand in North Carolina student loans.

Conclusions for Areas Receiving Limited-Scope Reviews

We did not complete a limited-scope review for North Carolina because of the short time the bank has been in North Carolina. WNB opened its first branch in the state on April 1, 2005.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in North Carolina is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Charlotte AA and North Carolina is good.

Refer to Table 14 in the state of North Carolina section of Appendix D 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. The bank allocated a portion of its investment in the CRA Fund Advisors fund to North Carolina. Although the allocation was as high as \$774 thousand during the evaluation period, the most recent balance was \$602 thousand. This amount was most recently allocated as follows:

- An allocation of \$365 thousand of Ginnie Mae Pool 652073 which finances Park View Terrace Apartments in Lumberton, North Carolina in Robeson County. All of the 100 units receive Section 8 assistance.
- An allocation of Fannie Mae pool FN796896 of a single family home loan in the amount of \$120 thousand in Asheville, North Carolina in Buncombe County originated to a low-income borrower.
- An allocation of Fannie Mae pool FN796897 of a single family home loan in the amount of \$117 thousand in Charlotte, North Carolina originated to a moderate-income borrower.

Conclusions for Area Receiving Limited-Scope Reviews

We did not complete a limited-scope review for North Carolina because of the short time the bank has been in North Carolina. WNB opened its first branch in the state on April 1, 2005. We considered investments in the state as a whole.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in North Carolina is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Charlotte AA is adequate.

Retail Banking Services

Refer to Table 15 in the state of North Carolina section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

All 39 branches in North Carolina are in-store branches located in Wal-Mart retail centers. The branches were opened pursuant to agreements with Wal-Mart, and WNB does not have any influence over the location. During this evaluation period, WNB opened 40 branches and closed 1 branch. Of the total, 7 branches are located in moderate-income CTs, 22 in middle-income CTs, and 10 in upper-income CTs. None are located in low-income CTs. In addition, WNB has 3 branches in distressed or underserved areas in North Carolina in Cleveland, Robeson, and Rutherford counties. In Charlotte, WNB has one out of six branches located in a moderate-income census tract. This one branch represents 17 percent of the bank's Charlotte branches, below the 30 percent of the population that resides in moderate-income census tracts.

As previously discussed in the Texas section, the bank offers standard loan and deposit products and services to its customers. WNB is a SBA Preferred Lender enabling the bank to originate small business loans with a simplified application and approval process. For check processing, WNB has an 8:00 PM daily cutoff time 7 days per week with 24 hour processing, thus improving accessibility to the customers' personal and business accounts. In addition, the bank offers 3 innovative checking products. *Second Chance Checking* is available to customers with credit problems that would prevent them from obtaining a traditional checking account. *Take Charge Checking* offers *Second Chance Checking* customers overdraft protection. And, the *Privilege Plus Account* is an account used by customers that open an account using a Matricula Card. Throughout the bank as of May 2006, WNB had 50 thousand *Second Chance Checking* accounts, 4.4 thousand *Take Charge Accounts*, and 287 *Privilege Plus Accounts*.

As in Texas, North Carolina in-store branches are open from 8:00 AM to 8:00 PM Monday through Saturday. On Sunday, in-store branch hours are from noon to 4:00 PM. Alternative delivery systems increase the accessibility of bank products and services. The bank offers an automated teller machine (ATM) network, online banking, and an automated voice response system.

Community Development Services

Because of the relatively recent entry into the North Carolina market, the bank has not been able to implement any community development services.

Conclusions for Areas Receiving Limited-Scope Reviews

We did not complete a limited-scope review for North Carolina. WNB's first entry into the North Carolina market was April 1, 2005. Given the short time period, an analysis would not be meaningful.

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): January 1, 2003 to December 31, 2005 in Texas and April 1, 2005 through September 7, 2006 in North Carolina Service Tests and CD Loans: July 14, 2003 to September 5, 2006	
Financial Institution	Products Reviewed	
Woodforest National Bank Houston, Texas	Home mortgage loans, small loans to businesses, community development loans, and reserve line of credit loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Texas Houston, TX Dallas, TX North Carolina Charlotte	Full-Scope Limited-Scope Full-Scope	None

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS: Woodforest National Bank				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Woodforest National Bank	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
State of Texas	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
State of North Carolina	Low Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

State of Texas

Houston, Texas AA

Demographic Information for Full-Scope Area: WNB Houston AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	812	8.00	31.16	29.68	30.17	0.99
Population by Geography	4,364,238	6.60	29.99	30.59	32.77	0.05
Owner-Occupied Housing by Geography	921,995	2.93	22.66	31.62	42.79	0.00
Businesses by Geography	310,134	5.03	25.46	26.83	42.18	0.50
Farms by Geography	5,529	2.55	19.66	35.65	42.12	0.02
Family Distribution by Income Level	1,099,114	22.35	17.24	18.82	41.59	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	435,192	11.77	43.57	29.72	14.94	0.00
Median Family Income = \$51,431 HUD Adjusted Median Family Income for 2005 = \$59,400 Households Below the Poverty Level = 12%	Median Housing Value = \$101,038 Unemployment Rate = 2.97%					

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census, and 2005 HUD updated MFI.

The Houston MSA is the 7th largest metropolitan area in the country. It is 10 counties including Harris County, which contains the city of Houston. However, WNB has designated certain census tracts in only Harris, Montgomery, Fort Bend, and Liberty County as its AA. The entire Houston MSA had an estimated population of 5.3 million as of 2005 and is among the nation's fastest growing metropolitan areas. Major competitors in the Houston MSA are JP Morgan Chase Bank, NA, Bank of America, NA, Wells Fargo Bank, NA, Zions National Bank, Washington Mutual Bank, FSB, Compass Bank, Sterling Bank, and World Savings Bank.

Houston is the largest city in Texas and the 4th largest in the nation. Houston is second only to New York City as a headquarters for Fortune 500 companies. Also, the city is a major port and financial center for several major oil companies. Biomedical research, aeronautics, and the Houston ship channel are also large parts of the city's industrial base. The Houston economy is currently strong and growing. The most recent unemployment rate was estimated at 5.5 percent as of July 2006. The Houston MSA unemployment rate is slightly higher than the Texas unemployment rate, which was estimated at 5.1 percent as of July 2006.

State of North Carolina

Charlotte AA

Demographic Information for Full-Scope Area: WNB Charlotte AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	65	1.54	40.00	52.31	6.15	0.00
Population by Geography	321,428	0.86	32.83	55.14	11.17	0.00
Owner-Occupied Housing by Geography	87,879	0.37	28.16	58.18	13.29	0.00
Businesses by Geography	18,390	0.48	35.67	52.65	11.20	0.00
Farms by Geography	515	0.58	21.75	64.27	13.40	0.00
Family Distribution by Income Level	90,392	22.22	21.30	24.92	31.56	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	39,337	1.40	42.35	50.97	5.28	0.00
Median Family Income = \$54,800 HUD Adjusted Median Family Income for 2005 = \$62,500 Households Below the Poverty Level = 9%	Median Housing Value = \$96,326 Unemployment Rate = 2.63%					

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census, and 2005 HUD updated MFI.

The Charlotte MSA had an estimated population of 2 million in 2005. The Charlotte MSA consists of 6 counties. However, WNB has chosen only a portion of Mecklenburg County as its AA with a population in this AA of 321 thousand. Currently, WNB has no ratable deposit market share in Charlotte. The area is heavily saturated with financial institutions including the large national banks, Bank of America, NA, and Wachovia Bank, N.A.

Charlotte is the largest city in North Carolina and the 20th largest in the nation. The city is at the center of one of the fastest growing metropolitan regions in the country, with an average influx of approximately 20 thousand newcomers each year. The city is the 2nd largest banking and finance center in the nation with the nation's 2nd largest (Bank of America, NA) and 4th largest (Wachovia National Bank) financial institutions headquartered in Charlotte. The combined deposits of these banks total nearly \$1 trillion. In addition, 8 Fortune 500 companies are headquartered there, and in recent years Charlotte has emerged as a magnet for defense-related industries with 4 of the nation's top 10 defense contractors locating facilities in the area. Distribution and banking are the major reasons that Charlotte has become a major urban center where economic growth and business development are flourishing. The Charlotte economy is currently strong and the area is continually growing. Also, Charlotte is a major center in the American motorsports industry with NASCAR having multiple offices in and around Charlotte. Approximately 75 percent of the industry's employees and drivers are based within 2 hours of downtown Charlotte.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is not provided for each state. 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. Deposit data are compiled by the FDIC and are available as of June 30 of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- 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.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, 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.
- 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.

Tables of Performance Data

State of Texas

State of North Carolina

Table 1. Lending Volume

LENDING VOLUME		Geography: TEXAS & NORTH CAROLINA						Evaluation Period: JANUARY 1 2003 TO DECEMBER 31, 2005				
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 2004 & 2005	96.70	694	91,004	2,253	266,817	10	901	3	8,234	2,960	366,956	86.00
Houston AA 2003	99.16	225	20,846	1,315	140,604	0	0	1	3,500	1,541	164,950	95.20
Charlotte AA 2005	0.00	0	0	0	0	0	0	0	0	0	0	<1.00
Limited Review:												
Dallas AA 2004 & 2005	2.49	10	622	66	22,297	0	0	0	0	76	22,919	6.00
Dallas AA 2003	0.39	2	218	4	1,489	0	0	0	0	6	1,707	1.88
Statewide Regional Texas								1	7,247	1	7,247	

* Loan Data as of December 31, 2003, 2004, and 2005. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is July 15, 2003 to September 5, 2006.

*** Deposit Data as of June 30, 2003 and September 7, 2006. 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: TEXAS & NORTH CAROLINA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	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 2004 & 2005	222	96.52	2.93	3.60	22.66	24.77	31.62	22.52	42.79	49.11	0.06	0.08	0.10	0.05	0.06	
Houston AA 2003	57	98.28	2.93	0.00	22.66	24.56	31.62	24.56	42.79	50.88	0.04	0.00	0.08	0.03	0.03	
Charlotte AA 2005	0	0.00	0.25	0.00	25.96	0.00	62.09	0.00	11.70	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Dallas AA 2004 & 2005	3	1.30	3.07	0.00	19.37	33.33	35.81	33.33	41.75	33.34	0.00	0.00	0.00	0.00	0.00	
Dallas AA 2003	0	0.00	3.07	0.00	19.37	0.00	35.81	0.00	41.75	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

Geographic Distribution: HOME IMPROVEMENT															
Geography: TEXAS & NORTH CAROLINA Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005															
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:															
Houston AA 2004 & 2005	250	93.63	2.93	0.40	22.66	12.00	31.62	37.60	42.79	50.00	1.31	0.44	0.84	1.52	1.41
Houston AA 2003	132	98.51	2.93	0.00	22.66	18.94	31.62	34.09	42.79	46.97	1.44	0.00	1.78	1.63	1.27
Charlotte AA 2005	0	0	0.25	0.00	25.96	0.00	62.09	0.00	11.70	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Dallas AA 2004 & 2005	5	1.87	3.07	0.00	19.37	0.00	35.81	80.00	41.75	20.00	0.03	0.00	0.00	0.05	0.02
Dallas AA 2003	2	1.49	3.07	0.00	19.37	0.00	35.81	50.00	41.75	50.00	0.02	0.00	0.00	0.03	0.02

* 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

Geographic Distribution: HOME MORTGAGE REFINANCE Geography: TEXAS & NORTH CAROLINA Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005															
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	Overall	Low	Mod	Mid	Upp
Full Review:															
Houston AA 2004 & 2005	211	99.06	2.93	6.64	22.66	45.02	31.62	19.91	42.79	28.43	0.18	0.97	0.53	0.11	0.08
Houston AA 2003	31	100.00	2.93	0.00	22.66	9.68	31.62	29.03	42.79	61.29	0.02	0.00	0.02	0.01	0.02
Charlotte AA 2005	0	0	0.25	0	25.96	0	62.09	0.00	11.70	0	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Dallas AA 2004 & 2005	2	0.94	3.07	0.00	19.37	0.00	35.81	50.00	41.75	50.00	0.00	0.00	0.00	0.00	0.00
Dallas AA 2003	0	0.00	3.07	0.00	19.37	0.00	35.81	0.00	41.75	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

Geographic Distribution: MULTIFAMILY															Geography: TEXAS & NORTH CAROLINA															Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*																							
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp																	
Full Review:																																		
Houston AA 2004 & 2005	4	100.00	10.00	0.00	34.64	50.00	30.83	25.00	24.53	25.00	0.71	0.00	0.89	1.25	0.00																			
Houston AA 2003	5	100.00	10.00	0.00	34.63	80.00	30.83	0.00	24.53	20.00	1.55	0.00	3.20	0.00	1.56																			
Charlotte AA 2005	0	0.00	1.08	0.00	33.17	0.00	63.55	0.00	2.21	0.00	0.00	0.00	0.00	0.00	0.00																			
Limited Review:																																		
Dallas AA 2004 & 2005	0	0.00	12.58	0.00	29.73	0.00	36.30	0.00	21.39	0.00	0.00	0.00	0.00	0.00	0.00																			
Dallas AA 2003	0	0.00	12.58	0.00	29.73	0.00	36.30	0.00	21.39	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

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: TEXAS & NORTH CAROLINA Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005																
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 2004 & 2005	2,224	96.78	4.92	2.79	25.14	22.39	27.20	34.71	42.25	40.11	0.84	0.45	0.89	1.07	0.75	
Houston AA 2003	1,291	99.23	5.03	2.09	25.46	23.78	26.83	33.85	42.18	40.28	0.00	0.00	0.00	0.00	0.00	
Charlotte AA 2005	0	0.00	0.32	0.00	30.32	0.00	58.88	0.00	10.48	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Dallas 2004 & 2005	66	2.87	4.28	1.52	24.48	28.79	33.96	51.52	36.53	18.17	0.03	0.02	0.03	0.06	0.01	
Dallas AA 2003	4	0.31	4.34	0.00	25.46	0.00	33.96	25.00	35.42	75.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2003 and 2005 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 2005.

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: TEXAS & NORTH CAROLINA								Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005					
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:															
Houston AA 2004 & 2005	10	100.00	2.68	0.00	19.88	10.00	35.74	70.00	41.58	20.00	0.79	0.00	0.60	1.57	0.26
Houston AA 2003	0	0.00	2.55	0.00	19.66	0.00	35.65	0.00	42.12	0.00	0.00	0.00	0.00	0.00	
Charlotte AA 2004 & 2005	0	0.00	0.28	0.00	18.31	0.00	71.38	0.00	10.03	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Dallas AA 2004 & 2005	0	0.00	2.76	0.00	18.45	0.00	40.10	0.00	38.46	0.00	0.00	0.00	0.00	0.00	0.00
Dallas AA 2003	0	0.00	2.51	0.00	18.42	0.00	41.25	0.00	37.55	0.00	0.00	0.00	0.00	0.00	

* Based on 2003 and 2005 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 2005.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: TEXAS & NORTH CAROLINA										Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005				
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 ****	Overall	Low	Mod	Mid	Upp	
Full Review:																
Houston AA 2004 & 2005	229	96.62	22.35	1.61	17.24	9.68	18.82	10.22	41.59	78.49	0.06	0.01	0.03	0.02	0.10	
Houston AA 2003	57	98.28	22.35	5.77	17.24	7.69	18.82	11.54	41.59	75.00	0.04	0.04	0.01	0.02	0.10	
Charlotte AA 2005	0	0.00	21.38	0.00	21.01	0.00	24.94	0.00	32.67	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Dallas AA 2004 & 2005	3	1.27	20.68	0.00	17.95	0.00	20.46	33.33	40.91	66.67	0.00	0.00	0.00	0.00	0.00	
Dallas AA 2003	0	0.00	20.68	0.00	17.95	0.00	20.46	0.00	40.91	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 8.6% of loans in 2003 and 19.0% in 2004/2005 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

Borrower Distribution: HOME IMPROVEMENT												Geography: TEXAS & NORTH CAROLINA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005				
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****	Over all	Low	Mod	Mid	Upp						
Full Review:																					
Houston AA 2004 & 2005	250	93.63	22.35	3.75	17.24	17.08	18.82	20.83	41.59	58.34	1.35	0.34	1.31	1.21	1.59						
Houston AA 2003	132	98.51	22.35	9.38	17.24	16.41	18.82	20.31	41.59	53.90	1.48	1.82	1.69	1.45	1.39						
Charlotte AA 2005	0	0.00	21.38	0.00	21.01	0.00	24.94	0.00	32.67	0.00	0.00	0.00	0.00	0.00	0.00						
Limited Review:																					
Dallas AA 2004 & 2005	5	1.87	20.68	0.00	17.95	25.00	20.46	50.00	40.91	25.00	0.03	0.00	0.06	0.09	0.00						
Dallas AA 2003	2	1.49	20.68	0.00	17.95	50.00	20.46	0.00	40.91	50.00	0.02	0.00	0.00	0.00	0.02						

* 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 8.6% of loans in 2003 and 4.50% in 2004/2005 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

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: TEXAS & NORTH CAROLINA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005				
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 2004 & 2005	211	99.06	22.35	3.52	17.24	9.55	18.82	9.05	41.59	77.88	0.21	0.10	0.07	0.07	0.35					
Houston AA 2003	31	100.00	22.35	0.00	17.24	10.71	18.82	10.71	41.59	78.58	0.02	0.00	0.01	0.01	0.02					
Charlotte AA 2005	0	0.00	21.38	0.00	21.01	0.00	24.94	0.00	32.67	0.00	0.00	0.00	0.00	0.00	0.00					
Limited Review:																				
Dallas AA 2004 & 2005	2	0.94	20.68	0.00	17.95	0.00	20.46	50.00	40.91	50.00	0.00	0.00	0.00	0.00	0.00					
Dallas AA 2003	0	0.00	20.68	0.00	17.95	0.00	20.46	0.00	40.91	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 9.7% in 2003 and 5.6% in 2004/2005 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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: TEXAS & NORTH CAROLINA			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005				
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 2004 & 2005	2,253	96.82	64.66	64.94	70.31	16.20	13.49	0.84	1.09
Houston AA 2003	1,315	99.25	62.68	72.02	73.08	14.90	12.02	0.00	0.00
Charlotte 2005	0	0.00	66.76	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:									
Dallas AA 2004 & 2005	66	2.84	64.05	62.12	16.67	37.88	45.45	0.03	0.04
Dallas AA 2003	4	0.30	61.87	50.00	50.00	0.00	50.00	0.00	0.00

* Based on 2003 and 2005 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 2005).

**** 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 3.40% in 2003 and 6.49% in 2004/2005 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: TEXAS & NORTH CAROLINA			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005				
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 2004 & 2005	10	100.00	86.02	80.00	70.00	20.00	10.00	0.79	0.71
Houston AA 2003	0	0.00	87.79	0.00	0.00	0.00	0.00	0.00	0.00
Charlotte AA 2005	0	0.00	89.78	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:									
Dallas AA 2004 & 2005	0	0.00	86.19	0.00	0.00	0.00	0.00	0.00	0.00
Dallas 2003	0	0.00	87.30	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2003 and 2005 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 2005).

**** 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 in 2003 and 20.00% in 2004/2005 originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: TEXAS & NORTH CAROLINA				Evaluation Period: JULY 15, 2003 TO SEPTEMBER 5, 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:									
Houston, TX AA	3	620	47	2,742	50	3,362	79.78		
Charlotte, N. C. AA	0	0	1	117	1	117	2.78		
Limited Review:									
Dallas AA	1	125			1	125	3.00		
Statewide/Regional Texas	1	122	2	1	3	123	2.92		
Cleveland County, North Carolina			1	1	1	1	0.00		
Robeson County, N. C.			1	365	1	365	8.67		
Statewide/Regional North Carolina			1	120	1	120	2.85		

* '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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: TEXAS AND NORTH CAROLINA Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 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: Texas & North Carolina AAs																	
Houston, TX AA	86	90	41.67	1	18	32	39	32	1	1	5	8	17	6.60	29.99	30.59	32.77
Charlotte, NC AA	<1	6	2.78	0	1	5	0	7	1	0	1	5	0	0.59	29.86	59.43	10.12
Limited Review: Texas AAs																	
Amarillo	<1	2	.92	0	1	0	1	0	0	0	0	0	0	2.19	35.59	33.37	28.85
Austin	<1	8	3.71	2	1	5	0	5	0	2	1	2	0	62.12	23.91	13.97	0.00
Beaumont Jefferson County	<1	1	.46	0	0	0	1	0	0	0	0	0	0	10.86	8.26	44.95	35.93
Cass County	<1	1	.46	0	0	1	0	0	0	0	0	0	0	0.00	0.00	100.00	0.00
Dallas	6	41	19.06	0	5	16	20	9	2	0	3	2	2	7.41	26.74	33.90	31.95
Fredericksburg, Gillespie County	<1	1	.46	0	0	0	1	1	0	0	0	0	1	0.00	0.00	0.00	100.00
Harrison County	<1	2	.92	0	0	2	0	1	0	0	0	1	0	0.00	15.17	44.33	40.50
Howard County	<1	1	.46	0	0	1	0	0	0	0	0	0	0	0.00	27.12	72.88	0.00
Johnson County	<1	1	.46	0	0	1	0	0	0	0	0	0	0	0.00	59.81	40.19	0.00
Limestone County	<1	1	.46	0	0	1	0	0	0	0	0	0	0	0.00	13.77	86.23	0.00
Longview	<1	2	.92	0	0	1	1	1	0	0	0	0	1	0.00	0.00	54.23	45.77
Navarro County	<1	1	.46	0	0	1	0	1	0	0	0	1	0	0.00	100.00	0.00	0.00

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: TEXAS & NORTH CAROLINA Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 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
Limited Review: Texas AAs (continued)																	
San Antonio	2	16	7.43	0	2	8	6	10	0	0	2	6	2	2.88	40.30	27.54	29.28
Shelby County	<1	1	.46	0	0	1	0	1	0	0	0	1	0	0.00	0.00	100.00	0.00
Sherman Grayson County	<1	2	.92	0	0	1	1	0	0	0	0	0	0	0.00	34.72	53.68	11.60
Texarkana, Bowie County	<1	1	.46	0	0	1	0	0	0	0	0	0	0	0.00	12.15	58.10	29.75
Titus County	<1	1	.46	0	0	1	0	0	0	0	0	0	0	0.00	20.53	54.11	25.36
Tyler, Smith County	<1	1	.46	0	0	1	0	1	0	0	0	1	0	6.00	47.62	26.54	19.84
Van Zandt County	<1	1	.46	0	0	1	0	0	0	0	0	0	0	0.00	0.00	100.00	0.00
Victoria, Calhoun County	<1	1	.46	0	0	1	0	1	0	0	0	1	0	0.00	28.05	71.95	0.00
Washington County	<1	1	.46	0	0	0	1	1	0	0	0	0	1	0.00	0.00	16.63	83.37
Limited Review: North Carolina AAs																	
Burlington, Alamance County	<1	2	.92	0	1	0	1	2	0	0	1	0	1	0.00	14.51	73.97	11.52
Cateret County	<1	1	.46	0	0	0	1	1	0	0	0	0	1	0.00	0.00	64.78	35.22
Cleveland County	<1	1	.46	0	0	1	0	1	0	0	0	1	0	0.00	3.54	96.46	0.00

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: TEXAS & NORTH CAROLINA Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 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
Limited Review: North Carolina AAs (continued)																	
Craven	<1	1	.46	0	0	0	1	1	0	0	0	0	1	0.00	18.04	50.26	31.70
Davidson County	<1	2	.92	0	0	1	1	2	0	0	0	1	1	2.49	4.79	49.22	43.50
Davie County	<1	1	.46	0	0	1	0	1	0	0	0	1	0	0.00	36.85	43.68	19.47
Goldsboro, Wayne County	<1	1	.46	0	0	0	1	1	0	0	0	0	1	2.71	21.14	60.29	15.86
Greensboro - High Point	<1	10	4.64	0	2	7	1	10	0	0	2	7	1	4.49	17.33	52.94	25.24
Greenville, Pitt County	<1	1	.46	0	0	0	1	1	0	0	0	0	1	3.88	14.63	45.65	35.84
Hickory, Catawba County	<1	1	.46	0	1	0	0	1	0	0	1	0	0	0.00	10.64	77.32	12.04
Iredell County	<1	2	.92	0	0	0	2	2	0	0	0	0	2	0.00	8.08	39.29	52.63
Raleigh	<1	3	1.39	0	1	1	1	3	0	0	1	1	1	4.19	21.12	51.42	23.27
Rowan County	<1	1	.46	0	0	1	0	1	0	0	0	1	0	0.00	9.26	79.80	10.94
Robeson County	<1	2	.92	0	1	1	0	2	0	0	1	1	0	5.74	43.22	49.50	1.54
Rocky Mount, Nash County	<1	1	.46	0	0	1	0	1	0	0	0	1	0	0.00	12.00	62.26	25.74
Rutherford County	<1	1	.46	0	0	1	0	1	0	0	0	1	0	0.00	13.29	86.71	0.00
Stanley County	<1	1	.46	0	0	1	0	1	0	0	0	1	0	0.00	10.76	76.53	12.71
Winston-Salem Forsyth	<1	1	.46	0	0	1	0	1	0	0	0	1	0	3.83	17.47	49.45	29.25