



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 11, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Omnibank, National Association
Charter Number: 14703

4328 Old Spanish Trail
Houston, TX 77021

Office of the Comptroller of the Currency

Houston Field Office
1301 McKinney Street, Suite 1410
Houston, TX. 77010-3031

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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

OMNIBANK, NATIONAL ASSOCIATION (Omnibank)
COMMUNITY REINVESTMENT ACT RATING: This institution is rated Satisfactory

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting a Satisfactory Community Reinvestment Act (CRA) rating are as follows:

- The borrower distribution of loans to low-income borrowers in the Houston Assessment Area (AA) is excellent for residential real estate loans and satisfactory in the Austin AA. Residential real estate loans were not originated in the San Antonio AA. The borrower distribution of loans to small businesses is low in the Houston AA, near to the characteristics of the AA in the Austin AA, and excellent in the San Antonio AA.
- The loan-to-deposit ratio is more than reasonable.
- The geographic distribution of loans to borrowers for residential real estate loans is excellent in the Houston AA and satisfactory in the Austin AA. The geographic distribution of loans to businesses in the Houston AA and Austin AA is excellent. In the San Antonio AA, there are no low-income census tracts (CTs) in the bank's AAs. The bank did not originate any loans in the moderate-income CTs in this AA.
- Overall, the bank's performance for the Community Development Test is Satisfactory. The bank has a good level of community development loan originations, an adequate level of investments considering the high loan-to-deposit ratio, and a satisfactory level of community development services.

Scope of Examination

We completed full-scope reviews of the bank's CRA activities in the three AAs of Houston, Austin, and San Antonio. These AAs are discussed in detail later in this Performance Evaluation. The Lending Test included a review of two primary loan products, residential real estate loans and business loans. The review of residential real estate loans included all owner-occupied loans originated in the three AAs from January 1, 2005 through the examination date in 2009. This was a total of 28 loans. Our review of business loans included a sample of 62 loans originated in the three AAs selected by a statistically valid method. This sample of business loans was selected from loans originated in 2007, 2008, and 2009. The Community Development Test included a review of community development loans, investments, and services since the prior CRA examination through the examination date. The bank is primarily a commercial lender, and lending to small businesses was assigned the greatest weight in the overall rating.

Prior to this examination, we completed a Data Integrity review of information maintained by management in December 2008. We found management had implemented good internal controls to ensure that residential real estate loan information reported on the bank's Home Mortgage Disclosure Act Loan Application Register is correct. Also, management has implemented good controls to ensure that CT information collected for loans originated to businesses is correct.

Description of Institution

Omnibank is a full-service intrastate community bank headquartered in Houston, Texas at 4328 Old Spanish Trail. The bank was chartered as a national bank on May 15, 1954 and has maintained a stable presence in Houston for more than 50 years. The bank has a total of nine branches including the headquarters. Of the total branches in the Houston AA, four branches are in Harris County. For the Austin AA, entered into in 2002, two are in Travis County, one is in Williamson County, and one is in Caldwell County. For the San Antonio AA, entered into in 2007, two are in Bexar County. As of March 31, 2009, the bank had total assets of \$373 million and a Tier One Leverage Capital Ratio of 11.31 percent.

The bank is wholly owned by Bancshares, Inc., a one-bank holding company. Omnibank does not have any affiliates or operating subsidiaries. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of its AAs including retail and community development loans, qualified investments, and community development service needs. The bank achieved a Satisfactory rating at the prior CRA examination dated April 29, 2004 and was examined as a large bank.

Please refer to Omnibank's CRA Public File for more information about this institution.

Description of Assessment Area(S)

Omnibank has three AAs in Texas. The Houston AA includes all 649 census tracts (CTs) in Harris County. The Austin AA includes all 234 CTs in the three contiguous counties of Travis, Williamson, and Caldwell. The San Antonio AA includes 60 selected contiguous CTs in Bexar, Comal and Kendall Counties near the bank's branches. All AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income CTs. The San Antonio AA does not currently include any low-income CTs.

A community contact from a Small Business Development Center in Houston felt small banks in the Houston area were more aggressive in originating small business loans than large banks. As discussed later in this Performance Evaluation, Omnibank has maintained a high average loan-to-deposit ratio and has originated an overall satisfactory level of loans to small businesses.

Houston AA

Harris County has 63 CTs (10%) designated as low-income and 223 CTs (35%) designated as moderate-income. Middle-income CTs in the AA total 178 (27%), and upper-income CTs total 178 (27%). Seven CTs do not have a designation (1%). Harris County is the largest county in Texas and the third largest in the nation. The population is estimated at 3.9 million according to a 2007 U.S. Census Bureau estimate with a growth rate since the 2000 Census of 15 percent. The 2009 U.S. Bureau of Labor Statistics reports an unemployment rate of 6.9 percent and 16 percent of the population lives below the poverty level. The updated median family income in 2009 was \$63,800. The county seat is Houston, which is the largest city in Texas and the fourth largest city in the nation. The county's population is centered in Houston. It has the largest economic impact on Harris County with a population estimated at 2.2 million.

Houston has the largest medical center in the world, the Texas Medical Center. The Center's economic impact exceeds \$10 billion annually, and it has approximately 61 thousand employees. Also, Houston has a significant number of Fortune 500 company headquarters, and more than 5 thousand energy-related firms are located in the city. Major employers include Continental Airlines, Administaff, Halliburton, Wal-Mart Stores, Exxon Mobil, Kroger Company, Memorial Hermann Healthcare System, and The University of Texas Medical Branch, all with more than 13 thousand employees each.

Banking competition is intense. The five largest competitors in the county include: JP Morgan Chase Bank, National Association (N.A.), Bank of America, N.A., Wells Fargo Bank, N.A., Amegy Bank, N.A., and Compass Bank, State Bank.

Austin AA

The Austin AA includes all 181 CTs in Travis County, all 7 CTs in Caldwell County, and all 46 CTs in Williamson County. Of the total 234 CTs, 20 are designated as low-income (9%), 62 are moderate-income (26%), and 87 are middle-income (37%). Upper-income tracts total 63 (27%), and two CTs (1%) do not have a designation. The City of Austin in Travis County is the largest city in the three county AA, and the State Capital of Texas is located in Austin. According to the Greater Austin Chamber of Commerce, the population of Austin grew to over 1.5 million in 2006. The 1990s saw a 48 percent increase in population, and the increase has averaged three percent annually since the 2000 Census. The updated median family income for 2008 is \$73,800.

Major employers in Austin include the Austin Independent School District, City of Austin, Dell Computers, federal government, IBM Corporation, Seton Healthcare Network, St. David's Healthcare Partnership, State of Texas, and University of Texas at Austin, all with more than 6 thousand employees each. In 2009, the U.S. Bureau of Labor Statistics reports an unemployment rate of 5.9 percent in Travis County, 7.2 percent in Caldwell County, and 6.9 percent in Williamson County.

Banking competition is intense. The five largest competitors in the AA, mostly Travis County, include: Bank of America, N.A., JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A., Compass Bank, and Frost National Bank.

San Antonio AA

The San Antonio AA includes portions of three counties. In Bexar County, the AA includes 50 CTs. In Comal County, the AA includes eight CTs, and Kendall County has two CTs. Of the total 60 CTs, four are designated as moderate-income (7%), 20 are middle-income (33%), and 35 are upper-income (58%). One CT (2%) does not have a designation. The City of San Antonio in Bexar County is the largest city in this AA with an estimated population of \$1.6 million as of a 2008 U.S. Census estimate. It is the third largest city in Texas, after Houston and Dallas. It was the fifth fastest growing city in the nation from 2007 to 2008. The updated median family income for 2008 is \$57,200.

San Antonio's economy is focused on financial services, government, health care, and tourism. It is the home of the South Texas Medical Center, a large medical research and care provider in South Texas. The center is the catalyst for a \$14 billion biomedical industry. It employs more than 27 thousand persons with a combined total budget of \$2.8 billion. The city is also home to one of the largest military concentrations in the United States including Brooke Army Medical Center, Lackland Air Force Base, and Randolph Air Force Base. The defense industry employs more than 89 thousand persons and has a \$5.25 billion impact to the economy. In addition, San Antonio is home to five Fortune 500 companies including Valero Energy Corp., Tesoro Petroleum Corp., Clear Channel Communications, USAA, and NuStar Energy. The U.S. Bureau of Labor Statistics reports an unemployment rate in 2009 in Bexar County of 5.9 percent, 5.6 percent in Comal County, and 5.00 percent in Kendall County.

Banking competition is intense. The five largest competitors in Bexar County include: USAA Federal Savings Bank, Frost National Bank, Bank of America, N.A., Wells Fargo Bank, N.A., and Broadway National Bank.

Conclusions with Respect to Performance Tests

LENDING TEST

Overall, the bank’s performance for the Lending Test is Satisfactory.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is more than reasonable.

Since the prior CRA examination, the average LTD ratio is 107.41 percent. Omnibank does not have similarly situated institutions of the same asset size. Banks with less than \$500 million in assets do not have branches in the three metropolitan areas of Houston, Austin, and San Antonio. As a comparison though, we determined for the same evaluation period the average LTD ratio for banks with less than \$500 million in assets located in any of the bank’s three AAs was 70.73 percent. For banks with assets of more than \$500 million located in any of the bank’s AAs, the average LTD ratio for the evaluation period was 73.74 percent. The range for all banks in the AAs was from a high average of 112 percent to a low average of 22.18 percent. As a comparison to the bank’s competition in the three AAs, two significantly larger banks in asset size have branches in the same AAs as Omnibank. Amegy Bank, N.A with assets of \$15.4 billion had an average LTD ratio during the evaluation period of 94.64 percent. Frost National Bank with assets of \$15.1 billion had an average LTD ratio of 72.17 percent during the same evaluation period.

Lending in Assessment Area

Lending in the AA is satisfactory. A majority of loans by number and by dollar were originated in the AA. For details, see the following table:

Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential	28	84.85	5	15.15	33	4,379	80.47	1,063	19.53	5,442
Commercial	243	83.22	49	16.78	292	73,373	76.50	22,534	23.50	95,907
Totals	271	83.38	54	16.62	325	77,752	76.72	23,597	23.28	101,349

Source: Data reported under HMDA; data collected by bank.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Lending to borrowers of different incomes and to businesses of different sizes is reasonable and rated Satisfactory overall.

Residential Real Estate

We compared the bank's loan originations for home purchase, home improvement, and refinance to the percentage of AA families based on 2000 U.S. Census information. In the Houston AA, lending to low-income borrowers for owner-occupied housing exceeds the characteristics of the AA and reflects excellent penetration. Lending to moderate-income borrowers reflects reasonable penetration. The bank's performance is shown in the following table:

Table 2 - Borrower Distribution of Residential Real Estate Loans in Houston AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
All Residential	24.35	60.00	17.94	10.00	18.71	10.00	39.00	20.00

Source: Data reported under HMDA; U.S. Census data.

We compared the bank's loan originations for home purchase, home improvement, and refinance to the percentage of AA families based on 2000 U.S. Census information. In the Austin AA, lending to low- and moderate-income borrowers for owner-occupied housing reflects reasonable penetration as shown in the following table:

Table 2A - Borrower Distribution of Residential Real Estate Loans in Austin AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
All Residential	19.50	16.67	17.87	11.11	22.46	11.11	40.17	55.56

Source: Data reported under HMDA; U.S. Census data. 5.26% of originated loans have NA income.

The bank did not originate any loans for owner-occupied residential real estate in the San Antonio AA. The bank does not have yet have a significant level of deposits or loans having just entered this market in 2007.

Table 2B - Borrower Distribution of Residential Real Estate Loans in San Antonio AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
All Residential	10.08	0.00	12.07	0.00	17.64	0.00	60.21	0.00

Source: Data reported under HMDA; U.S. Census data.

Small Business Loans

We compared the bank's level of lending to small businesses with \$1 million or less in gross revenues to the characteristics of the AAs for all three of the bank's AAs to Dunn and Bradstreet information about the AA. Overall, the level of lending to businesses of different sizes reflects reasonable penetration.

For the Houston AA, the level of lending to small businesses is low and below the characteristics of the AA. We found that a substantial majority of the bank's customers have been customers for many years. Over the years, the gross revenues of the business have grown to be in excess of \$1 million. The level of lending reflects a mature bank and a long-time customer base in the Houston AA. The bank's performance is shown in the following table:

Table 2C - Borrower Distribution of Loans to Businesses in Houston AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	68.42	5.42	26.16	100%
% of Bank Loans in AA by #	21.05	68.42	10.53	100%
% of Bank Loans in AA by \$	11.35	78.36	10.29	100%

Source: Loan sample; Dunn and Bradstreet data.

For the Austin AA, the level of lending to small businesses reflects reasonable penetration and is near to the characteristics of the AA for number of loans and exceeds the characteristics of the AA for the dollar amount of loans originated. The bank's performance is shown in the following table:

Table 2D - Borrower Distribution of Loans to Businesses in Austin AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	67.27	4.39	28.34	100%
% of Bank Loans in AA by #	61.90	28.58	9.52	100%
% of Bank Loans in AA by \$	76.85	20.85	2.30	100%

Source: Loan sample; Dunn and Bradstreet data.

For the San Antonio, the level of lending to small businesses exceeds the characteristics of the AA and is excellent. All loans originated were to small businesses. The bank's performance is shown in the following table:

Table 2E - Borrower Distribution of Loans to Businesses in San Antonio AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	67.45	4.89	27.66	100%
% of Bank Loans in AA by #	100.00	0.00	0.00	100%
% of Bank Loans in AA by \$	100.00	0.00	0.00	100%

Source: Loan sample; Dunn and Bradstreet data.

Geographic Distribution of Loans

Overall, the geographic distribution of loans is excellent.

Residential Real Estate

We compared the bank's loan originations for home purchase, home improvement, and refinance to the percentage of owner-occupied residential real estate based on 2000 U.S. Census information. In the Houston AA, lending to low- and moderate-income borrowers exceeds the characteristics of the AA and reflects excellent dispersion. The bank's performance is shown in the following table:

Table 3 - Geographic Distribution of Residential Real Estate Loans in Houston AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
All Residential	3.94	20.00	25.93	60.00	30.45	20.00	39.68	0.00

Source: Data reported under HMDA; U.S. Census data.

In the Austin AA, overall lending is satisfactory. Officers were unable to originate any loans in low-income CTs. However, lending in moderate-income CTs exceeds the characteristics of the AA and reflects excellent dispersion. The bank's performance is shown in the following table:

Table 3A - Geographic Distribution of Residential Real Estate Loans in Austin AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
All Residential	2.90	0.00	18.96	38.89	39.32	27.78	38.82	33.33

Source: Data reported under HMDA; U.S. Census data.

The bank did not originate any loans for owner-occupied residential real estate in the San Antonio AA. The bank does not have yet have a significant level of deposits or loans having just entered this market in 2007 as shown in the following table:

Table 3B - Geographic Distribution of Residential Real Estate Loans in San Antonio AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
All Residential	0.00	0.00	3.24	0.00	25.89	0.00	70.87	0.00

Source: Data reported under HMDA; U.S. Census data.

Small Business Loans

We compared the geographic distribution of lending to businesses to the characteristics of the AAs for all three of the bank’s AAs to 2000 U.S. Census information. Overall, the geographic distribution of lending to businesses reflects excellent dispersion. In the Houston AA, the distribution of loan originations to businesses in low- and moderate-income CTs is excellent and exceeds the characteristics of the AA. The bank’s performance is shown in the following table:

Table 3C - Geographic Distribution of Loans to Businesses in Houston AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	6.15	13.16	28.07	47.37	26.72	15.79	38.75	21.05

Source: Data collected by bank; U.S. Census data. 0.31% of the businesses are in NA tract, and 2.63% of the bank loans originated are in NA tracts.

In the Austin AA, loan originations to businesses in low- and moderate-income CTs are excellent and exceed the characteristics of the AA. The bank’s performance is shown in the following table:

Table 3D - Geographic Distribution of Loans to Businesses in Austin AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	4.71	9.52	17.96	23.81	37.32	28.57	39.88	38.10

Source: Data collected by bank; U.S. Census data. 0.13% of the businesses are in NA tracts.

In the San Antonio AA, officers did not originate any loans to businesses in low- or moderate-income CTs. The bank does not yet have a significant level of deposits or loans having just entered this market in 2007. The bank’s performance is shown in the following table:

Table 3E - Geographic Distribution of Loans to Businesses in San Antonio AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	0.00	0.00	5.04	0.00	33.79	0.00	61.15	100.00

Source: Data collected by bank; U.S. Census data. 0.02% of the businesses are in NA tracts.

Responses to Complaints

The bank did not receive any complaints related to CRA during the evaluation period.

COMMUNITY DEVELOPMENT TEST

Overall, the bank’s performance for the Community Development Test is Satisfactory. The bank has a good level of community development loan originations, an adequate level of investments considering the high loan-to-deposit ratio, and a satisfactory level of community development services.

Number and Amount of Community Development Loans

Qualifying community development loans are loans that meet the definition of community development, as defined in the CRA regulation. During the evaluation period, officers originated 19 qualified loans for a total of \$13.3 million. In the Houston AA, officers originated five loans for a total of \$6.1 million. In the Austin AA, officers originated nine loans for a total of \$5.5 million. During this evaluation period, officers did not originate any qualified community development loans in the San Antonio AA. In the Houston AA, some of the more significant loans are:

- A \$3.8 million loan to purchase and rehabilitate an apartment complex located in a low-income census tract. The complex was in disrepair and had a low occupancy rate. Rental rates are currently below average and projected rents after rehabilitation are below market. The project will provide affordable multi-family housing for low- and moderate-income residents.
- A \$1 million loan with an additional \$500 thousand commitment to a builder of affordable homes. Most homes are sold in the \$110 thousand to \$125 thousand range which is below the City of Houston affordable designation of \$135 thousand. The builder participates in down payment assistance programs and has a credit counseling program for home buyers.
- A \$525 thousand loan under the Small Business Administration's 7A program to a start-up restaurant in a moderate-income CT. The restaurant will employ several low- and moderate-income workers.

- A \$215 thousand loan to a non-profit organization in a moderate-income CT to establish a resale shop. The organization's emphasis is on serving those in need, particularly at-risk youth.

In the Austin AA, some of the more significant loans are:

- A \$3.3 million loan to a builder of affordable homes in the Austin AA. A total of 34 homes are located in moderate-income CTs. A significant number of homes are priced in the \$100 thousand to \$125 thousand range and considered affordable.
- A \$1.2 million loan for a warehouse originated under the Small Business Administration's 504 Program. The warehouse is located in a moderate-income CT. The low- and moderate-income jobs estimated to be created will be eight administrative and dock worker jobs. Also, an additional three to six jobs will be created for the sales staff.
- Two loans totaling \$450 thousand to a beauty salon in a moderate-income CT tract that creates permanent low- and moderate-income jobs.

The bank has reasonably met community development needs in its AAs. Therefore, we included additional loans originated in the greater regional area of Texas as follows:

- Three loans totaling \$453 thousand were originated to a builder of affordable homes in Fort Bend County. This county is adjacent to the bank's Houston AA of Harris County.
- Officers originated two loans to one borrower in Tom Green County in the total amount of \$1.1 million. One of the loans in the amount of \$461 thousand will be paid off through the Small Business Administration's 504 Program. Both loans were to purchase and renovate a hotel to provide reasonable rentals in a city with a large military presence. In addition, the hotel will provide low- and moderate-income jobs.

Number and Amount of Qualified Investments

The bank has an adequate level of qualified investments (donations) considering the high loan-to-deposit ratio. Management has chosen to not purchase investments because of this loan-to-deposit ratio but has made donations to support its local communities. Omnbank made 14 qualified donations for a total of \$60.5 thousand within its AAs during the evaluation period. Some of the more significant donations include:

- A donation of \$29 thousand to American Festival for the Arts providing scholarships for low- and moderate-income students in the Houston AA.

- Providing scholarship funds of \$9 thousand through a local alumni chapter of Greater Houston for low- and moderate-income students in the Houston AA.
- A donation of \$7 thousand to BiG Austin which is a non-profit micro enterprise lender assisting small businesses in obtaining financing in the Austin AA.
- Providing funding for the Texas Bankers Association Education Fund of \$3.7 thousand for consumer financial education courses in Texas
- A donation of \$2.5 thousand to a non-profit foundation in the Austin AA providing services in the areas of affordable housing, financial stability, helping the homeless, and learning in a community. The foundation's mission is to empower low-income families.

Extent to Which the Bank Provides Community Development Services

Overall, the bank provides a satisfactory level of community development services. In the bank's primary area of Harris County, the distribution of branches is good. Of the four branches in Harris County, three are located in moderate-income CTs. This includes the branches at Richmond Avenue and Beltway 8, 4600 Wayside Drive, and 397 North Belt East. The main office at 4328 Old Spanish Trail is located in a middle-income tract although there are several areas of low- and moderate-income neighborhoods near the bank. Three branches in the Austin AA are located in upper-income CTs. One branch, Lockhart, TX, is located in a middle-income CT. The branch in San Antonio is located in an upper-income CT.

During the evaluation period, a majority of the bank's Automated Teller Machines (ATMs) were located in low- and moderate-income CTs. Of the 20 ATMs, three were in low-income CTs, ten in moderate-income tracts, and four in middle-income tracts. Three were in upper-income tracts. As of the evaluation date, the bank has ten ATMs located in the Houston AA with a majority located in low- and moderate-income CTs. One is in a low-income tract, five in moderate-income tracts, and two in middle-income tracts. Two are in an upper-income tract.

Officers are involved in organizations providing financial services to small businesses and low- and moderate-income persons. Some of the more noteworthy are:

- The President and other bank officers are very active in the American Bankers Association Education Foundation. Among the many activities of this Foundation, it provides two annual financial education events. These are "Teach a Child to Save" and "Get Smart about Credit" financial literacy programs. Several schools are chosen to receive the training. Among several schools, one school in the Houston AA is in an area where 62 percent of the residents have incomes at or below the poverty level. Officers in the Austin AA are also involved in the programs and have taught the courses in local schools. In particular, the Leander schools have a high percentage of economically disadvantaged students. Similarly, officers are

involved with the Texas Bankers Association that also provides similar educational programs in financial literacy.

- In the Austin AA, officers are involved with BiG Austin, a non-profit micro enterprise lender helping small businesses obtain financing for start-up, improvements, and other business needs. One officer is currently serving on the loan committee. Another officer serves as a plan judge providing input on business plans prior to submission to the Decision Committee.
- Officers in the Austin AA participate in the Austin Community College Job Fair providing information and advice to students and other job seekers about managing finances including budgeting, saving, credit, and identity theft. Also, they provide information about banking careers.
- In the Austin AA, officers are involved with Junior Achievement teaching financial literacy in schools with low- and moderate-income student populations.
- Officers in Lockhart, TX of the Austin AA participate in the Lockhart Industrial Foundation whose purpose is to bring new businesses to the area. Officers also participate in other local organizations focused on retaining businesses in the area.

The bank offers an array of deposit and loan products. In addition, the bank is an active Small Business Administration lender.

Responsiveness to Community Development Needs

The bank has a Satisfactory level of and responsiveness to community development needs in all three of its AAs.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.