



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 23, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Victoria National Bank
Charter Number: 10360

101 South Main Street
Victoria, TX 77901

Office of the Comptroller of the Currency

SAN ANTONIO SOUTH
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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 First Victoria National Bank (FVNB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	First Victoria National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- Lending volume is excellent with a substantial majority of loans originating within FVNB’s assessment areas (AA’s).
- Lending activity reflects good responsiveness to credit needs in FVNB’s AA’s, taking into account its business strategy and performance context.
- The geographic distribution of loans is good.
- The distribution of loans to businesses with annual revenues less than \$1 million is good.
- The distribution of loans to low- and moderate-income borrowers is adequate for home mortgage loan products.
- Community development lending had a positive impact on Lending Test performance.
- The level of community development investments is excellent.
- Retail service delivery systems are readily accessible throughout the geographies to businesses and individuals of different income levels.

Definitions and Common Abbreviations

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

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

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

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

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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 additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

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

Limited 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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

First Victoria National Bank (FVNB) is an intrastate commercial bank headquartered in Victoria, Texas. It is a wholly owned subsidiary of FVNB Corporation, a one-bank holding company also based in Victoria, Texas. The bank operates one affiliate, First Victoria Insurance Agency, and has one operating subsidiary, First Victoria Leasing. FVNB does not have any other operating subsidiaries or affiliates that affect its capacity to lend or invest in the community.

Including the main office located in Victoria, Texas, FVNB operates eighteen full service branches and twenty-four automatic teller machines (ATMs) throughout its assessment areas. Nine of the twenty-four ATMs accept deposits. In September 2005, the holding company acquired Planters and Merchants State Bank and merged the three branches into FVNB. In addition to the acquisition of these three branches, FVNB opened four branches, closed one branch, and sold one branch during the evaluation period.

As of March 31, 2008, FVNB reported total assets of \$1.36 million. Net loans represented 73 percent of total assets and 87 percent of total deposits. Tier 1 Capital totaled \$103 million, or 7.56 percent of total assets. The bank's primary lending focus remains commercial lending with commercial and commercial real estate loans representing 58 percent of the loan portfolio. Agricultural loans represent 18 percent of the loan portfolio, residential loans represent 15 percent, and consumer loans represent 9 percent. Based on the bank's financial condition, size, product offerings, and branch network, there are no legal, financial, or other factors that inhibit its ability to help meet the credit needs in its assessment areas.

FVNB's strategic plan is to provide a wide range of financial services to small- and medium-sized businesses and consumers and to provide excellent customer service within its market areas. FVNB offers a full range of loan and deposit products as well as trust, insurance, and retail non-deposit investment products. FVNB's website (www.firstvictoria.com) provides information on bank services and locations and is available to customers and non-customers.

FVNB's performance under the Community Reinvestment Act was evaluated last on July 18, 2005 using standards applicable to large banks and the overall level of performance was "Satisfactory". A review of OCC records, as well as the bank's own CRA Public File, did not reveal any complaints relating to the bank's CRA performance since the last evaluation.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the performance of the bank under the Lending, Investment, and Service Tests. The Lending Test included a review of residential mortgage loans subject to reporting under the HMDA, small loans to businesses and farms subject to reporting under the CRA, and community development loans. The Investment Test included a review of investments and donations meeting the definition of community development investments made in the bank's assessment areas. The Service Test included a review of retail and community development services provided in the assessment areas.

The evaluation period for the Lending Test, except community development loans, covered January 1, 2005 through December 31, 2007. For community development loans, the Investment Test, and the Service Test, the evaluation period covered July 18, 2005, the date of the last CRA evaluation, to June 25, 2008, the start date of the current CRA evaluation. We based our conclusions related to community development loans and qualified investments on the number and the dollar amount made during the evaluation period. We also considered the level of innovation, complexity, responsiveness to community credit needs, and the degree to which private investors do not provide these instruments.

Data Integrity

In February 2008, we verified the accuracy of data made available to the public in accordance with HMDA and CRA loan data reporting requirements. Public data includes home mortgage lending and small loans to businesses and farms. During the CRA examination, we reviewed non-public data that management provided for community development loans, investments, and services to ensure it met the regulatory definition for community development. Based on verification work performed, we consider publicly reported lending data and non-public community development data accurate.

Selection of Areas for Full-Scope Review

We selected the Victoria MSA assessment area for a full-scope review because a significant majority of the deposit and loan activity originated in this assessment area. The assessment area represents 64 percent of the deposits, 50 percent of the loans, and 22 percent of the locations.

Please refer to the tables in Appendix A for more information.

Ratings

We based the overall rating on performance in the Victoria MSA assessment area since a majority of loans and deposits originated in this assessment area. Small loans to businesses represent the largest volume of loans reported in the evaluation period and received the most weight in determining the Lending Test rating. Home mortgage loans and small loans to farms were equally weighted. The bank does not report consumer loans.

Other

We met with representatives from a community organization and also reviewed community contacts conducted recently in the bank's assessment areas to identify community development opportunities and assess general credit needs. The representatives indicated numerous opportunities existed for small business lending, but community development lending opportunities were limited. The representatives spoke favorably concerning the bank's local involvement.

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.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

Lending Activity

We selected small loans to businesses as the primary loan product for assessing CRA performance. These loans represent 54 percent of total originations. We also selected small loans to farms and home mortgage products. These loans represent 26 percent and 21 percent of total originations, respectively. By purpose, home mortgage products include home purchase loans (45 percent), home improvement loans (22 percent), and home refinance loans (23 percent). Multi-family loans represent less than 1 percent of total home mortgage products and do not represent a primary lending product of the bank.

Based on June 30, 2007 FDIC deposit market share reports, FVNB ranks first in the Victoria MSA AA with almost 38.53 percent of the deposit market share. Based on the most recent aggregate small business data, the 12.19 percent market share of FVNB ranked second out of forty lenders who originate loans to small businesses. For loans to small farms, the 58.16 percent market share ranked first out of twelve lenders who originate these types of loans.

Based on the most recent aggregate mortgage data, FVNB ranked third out of 181 lenders of home mortgage products with an overall market share of 5.62 percent. FVNB ranked ninth out of 155 lenders for home purchase loans with a 3.69 percent market share, ranked first out of 36 lenders for home improvement loans with a 16.67 percent market share and ranked second out of 89 lenders for home refinance loans with a 7.20 percent market share.

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

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

The geographic distribution of home purchase loans is adequate. The bank did not make any home purchase loans in the low-income census tract in the Victoria MSA AA. There are limited opportunities to lend in this tract, as there are few owner-occupied units and lots available for new construction. In addition, the tract borders the Guadalupe River and is located in a flood zone. The distribution of loans in moderate-income geographies is near to the percentage of owner-occupied housing units. The bank's market share of home purchase loans in moderate-income geographies is somewhat lower than the overall market share.

The geographic distribution of home improvement loans is good. The bank did not make any home improvement loans in the low-income census tract, as opportunities are limited as detailed above. The distribution of loans in moderate-income geographies is near to the percentage of owner-occupied housing units. The bank's market share of home improvement loans in moderate-income geographies exceeds its overall market share.

The geographic distribution of home mortgage refinance loans is adequate. The bank did not make any home refinance loans in the low-income census tracts. As previously detailed, there are limited opportunities to make loans in this tract. The distribution of loans in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units. The bank's market share of home mortgage refinance loans in moderate-income geographies exceeds its overall market share.

A geographic distribution analysis of multifamily loans is not meaningful. This product represents less than one percent of total home mortgage products and the bank originated only two such loans in the AA during the evaluation period.

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

Small Loans to Businesses

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

The geographic distribution of small loans to businesses is good. The distribution of loans is near to the percentage of small businesses located in both the low- and moderate-income geographies. The bank's market share in the one low-income geography substantially exceeds its overall market share. The bank's market share in the moderate-income geographies exceeds its overall market share.

Small Loans to Farms

The geographic distribution of small loans to farms is adequate. The distribution of loans in the low-income geography exceeds the percentage of small farms located in the low-income census tract. The distribution of loans in the moderate-income geographies is lower than the percentage of small farms located in those census tracts. The bank's market share in the low-income geography exceeds its overall market share. The bank's market share in the moderate-income geographies is lower than its overall market share.

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

Lending Gap Analysis

We reviewed maps and reports detailing FVNB's lending activity over the evaluation period for home mortgage loan products and small loans to businesses and farms to identify gaps in the geographic distribution of these loans. We did not identify unexplained, conspicuous gaps.

Inside/Outside Ratio

FVNB's distribution of loans inside/outside of its AA's is adequate. A majority of the loans made during the evaluation period originated inside the AA's of the bank. We analyzed the distribution of loans at the bank-wide level rather than by individual assessment area. Overall, 76 percent of the number and 66 percent of the dollar volume originated within the AA's. By loan product and number of loans, 78 percent of small loans to businesses, 86 percent of home mortgage loans, 67 percent of small loans to farms, and 84 percent of community development loans originated within the AA's. The adequate distribution of loans originating inside the assessment areas factored positively in the overall Lending Test rating.

Distribution of Loans by Income Level of the Borrower

Overall, FVNB's distribution of loans to borrowers of different incomes is good. The distribution of home mortgage loans to borrowers of different income levels is adequate. The distribution of loans to businesses and farms of different sizes is good. The bank's performance in loans to small businesses factored the most in the overall conclusion.

Home Mortgage Loans

The distribution of home purchase loans by borrower income level is adequate. The percentage of loans made to low-income borrowers is lower than the percentage of low-income families. The percentage of loans made to moderate-income borrowers is near to the percentage of moderate-income families. The bank's market share for both low- and moderate income borrowers is somewhat lower than its overall market share.

The distribution of home improvement loans by borrower income level is adequate. The percentage of loans made to low-income borrowers is lower than the percentage of low-income families. The percentage of loans made to moderate-income borrowers is near to the percentage of moderate-income families. The bank's market share for low-income borrowers exceeds its overall market share. The market share for moderate-income borrowers is near to its overall market share.

The distribution of home mortgage refinance loans by borrower income level is adequate. The percentage of loans made to low- income borrowers is lower than the percentage of low-income families. The percentage of loans made to moderate-income borrowers is somewhat lower than the percentage of moderate-income families. The bank's market share for both low- and moderate-income borrowers exceeds its overall market share.

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

Small Loans to Businesses

The distribution of small loans to businesses with annual revenues of \$1 million or less is good. The percentage of small loans to businesses is near to the percentage of businesses with annual revenues of \$1 million or less in the AA. Approximately 78 percent of the small loans to businesses originated in amounts of \$100,000 or less. The bank's market share to businesses with annual revenues of \$1 million or less exceeds its overall market share.

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

Small Loans to Farms

The distribution of small loans to farms with annual revenues of \$1 million or less is adequate. The percentage of small loans to farms is somewhat lower than the percentage of businesses with annual revenues of \$1 million or less in the AA. Approximately 83 percent of the small loans to farms originated in amounts of \$100,000 or less. The bank's market share to farms with annual revenues of \$1 million or less is near to its overall market share.

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

Community Development Lending

Community development lending had a positive effect on the Lending Test conclusion. The level of community development loans is good and has increased in dollar volume compared to activities identified in the prior Performance Evaluation. During the evaluation period, FVNB originated one loan totaling \$115 thousand in this assessment area that qualified as community development. In addition, FVNB originated one loan totaling \$1.2 million for the purchase of an apartment complex in Kleberg County. The complex is located in a middle-income census tract distressed due to poverty and primarily houses university students. Kleberg County is located adjacent to the Corpus Christi MSA AA.

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. However, Table 5 does not separately list CD loans.

Product Innovation and Flexibility

FVNB uses flexible lending practices to serve the credit needs of its assessment areas. The bank does not offer any innovative loan products. However, various affordable housing programs and small business lending opportunities exist at the federal, state, county, and city level. FVNB actively participated in several programs, specifically the Small Business Administration (SBA) and Farm Service Agency (FSA) loan programs, and received positive credit for it in the analysis of small loans to businesses and small loans to farms.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the College Station, Corpus Christi, and Houston MSA AA's is not inconsistent with the bank's overall "High Satisfactory" performance under the lending test. In the Jackson County and Walker County AA's, the bank's performance is weaker than the bank's overall performance. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

FVNB's performance under the Investment Test is rated "High Satisfactory". Based on the full-scope review, performance in the Victoria MSA assessment area is good given the size and resources of the bank. Refer to Table 14 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 Community Reinvestment Act regulation. FVNB made equity capital injections, donations, and contributions resulting in \$1.7 million in qualified investments during the evaluation period. The qualifying investments are not complex or innovative, but they demonstrate FVNB's responsiveness to meeting identified credit and community development needs.

Equity Investment

In December 2007, FVNB invested \$1.5 million in Community Capital Management, the registered investment advisor to the CRA Qualified Investment Fund. The investment supports qualified activities defined as community development. An unfunded portion of \$1.2 million remains out of the original commitment.

Since 1999, FVNB has made \$2 million in capital contributions to the Independent Bankers Capital Fund, a qualified Small Business Investment Company operating under rules promulgated by the SBA. An unfunded portion of \$648 thousand remains outstanding from the original \$2 million commitment. This investment benefits a broader statewide or regional area that includes the Victoria MSA AA, but has not yet directly benefited the AA. Since FVNB has satisfactorily addressed community development investment needs of the AA's during the evaluation period, the bank received positive consideration for the remaining unfunded portion.

Donations and Contributions

FVNB also made \$200 thousand in donations/contributions to a number of organizations that provide services for low- and moderate-income individuals. The bank provided \$25 thousand to Habitat for Humanity for full funding on the construction of the Grace Like Rain home in Victoria. FVNB also made various donations to organizations that provide assistance and/or support to LMI individuals or LMI geographies. These organizations include: Boys and Girls Clubs, American Red Cross, Women's Shelters, CASA, Community Food Bank, and the United Way of Victoria.

Conclusions for Area Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Investment Test in the College Station, Corpus Christi, and Houston MSA AA's is not inconsistent with the overall "High Satisfactory" performance under the Investment Test. In the Jackson County and Walker County assessment areas, the performance is weaker than the overall performance. The performance level is mitigated by the limited presence in these counties. However, in

June 2006, FVNB contributed \$5 thousand to the Walker County CDC that resulted in a 3:1 matching grant from the Federal Home Loan Bank for a total contribution of \$20 thousand.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

Retail Banking Services

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

FVNB's delivery systems provide reasonable access to geographies and individuals of different income levels in the AA. The bank operates four offices and eleven ATMs (including seven remote ATMs) in the assessment area. Three of the four offices are located in Victoria and the fourth is located in Port Lavaca. All of the offices are located on major thoroughfares and the remote ATMs are located in public places making them accessible. The bank did not open or close any offices in the Victoria MSA assessment area during the evaluation period.

Branch distribution is adequate. Twenty-five percent of the branches are located in moderate-income geographies where 27 percent of the population resides. FVNB does not have any branches in the low-income census tract; however, only two percent of the population resides here. The low-income census tract is close to the main office and several ATMs.

Alternative delivery systems are reasonably effective in providing banking services to low- and moderate-income individuals. The bank's website (www.firstvictoria.com) provides general information on bank services and offers limited on-line services such as account inquiry, statements, stop payments, transfers, check orders, and bill payment services. No data was available to determine the effectiveness of the bank's alternate delivery systems to low- and moderate-income individuals and geographies. Therefore, the impact of these systems did not provide significant weight when evaluating FVNB's overall performance under the service test.

Community Development Services

FVNB has demonstrated good performance in providing community development services to the Victoria MSA assessment area. Efforts demonstrate a commitment to community development through providing technical assistance on financial and banking related matters to community groups. Specific examples where FVNB provided financially related educational or technical assistance, include, but are not limited to the following organizations:

- Habitat for Humanity – several bank officers serve in various financial capacities, such as Chairman of the Family Selection Committee, where duties include reviewing applicants for eligibility, specifically credit and financial information; and as Board Member and Treasurer, who provided insight on finance and liability management.

- Financial Literacy Education – several bank officers and employees taught classes related to learning basics of credit, money and banking, savings, and economics in local schools, such as, Juan Linn Magnet School, F.W. Gross School, and Memorial High School. In addition, the bank has partnered with Webster Chapel United Methodist Church on a children’s savings program that includes financial literacy education.
- St. Mary’s Catholic Church – a bank officer is a member of the Financial Council. The church provides assistance to low- and moderate-income individuals as needed.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance in the College Station, Corpus Christi, and Houston MSA assessment areas and in the Jackson County and Walker County AA's is not inconsistent with the bank's overall "Low Satisfactory" performance under the Service Test. Refer to Table 15 in appendix C for the facts and data that support these conclusions

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/2005 to 12/31/2007 Investment and Service Tests and CD Loans: 07/18/2005 to 06/25/2008	
Financial Institution	Products Reviewed	
First Victoria National Bank (FVNB) Victoria, Texas	Small Loans to Businesses Small Loans to Farms Home Mortgage Loans Community Development Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable	Not Applicable	Not Applicable
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Victoria MSA AA	Full-Scope	
College Station MSA AA	Limited-Scope	
Corpus Christi MSA AA	Limited-Scope	
Houston MSA AA	Limited-Scope	
Jackson County AA	Limited-Scope	
Walker County AA	Limited-Scope	

Appendix B: Market Profiles for Full-Scope Areas

Victoria MSA AA

Demographic Information for Full Scope Area: Victoria MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	26	3.85	30.77	50.00	15.38	0.00
Population by Geography	104,735	2.00	27.09	48.19	22.72	0.00
Owner-Occupied Housing by Geography	25,673	1.64	21.48	51.15	25.73	0.00
Business by Geography	7,571	0.94	33.02	42.82	23.22	0.00
Farms by Geography	303	0.33	16.83	58.42	24.42	0.00
Family Distribution by Income Level	27,953	21.02	17.44	20.32	41.22	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	10,751	3.15	35.94	47.08	13.82	0.00
Median Family Income		43,259	Median Housing Value			64,019
HUD Adjusted Median Family Income for 2008		48,800	Unemployment Rate (2000 US Census)			2.42%
Households Below Poverty Level		13%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2008 HUD updated MFI

The bank identified all of the Victoria MSA as an AA. The MSA includes Victoria County and Calhoun County. The defined AA meets the requirements of the CRA and does not arbitrarily exclude any low- or moderate-income census tracts. The activities of FVNB in the Victoria MSA AA received a full-scope review.

According to 2000 U.S. Census Bureau Data, population in the assessment area approximates 105 thousand. Of the total population, 21 percent are low-income families, 18 percent moderate-income families, 20 percent middle-income families, and 41 percent upper-income families. Approximately 13 percent of the families in the population had income below the poverty level. The table above provides basic demographic information based on the income level of the census tracts and families within the Victoria MSA assessment area.

Deposits in the Victoria MSA AA represent 64 percent of FVNB's total deposits. Of the total HMDA and CRA loans reported during the evaluation period, almost 50 percent originated in this AA. FVNB operates four full service offices and eleven ATMs in the Victoria MSA AA. FVNB offers a full-range of products and services with particular emphasis on loans to small businesses.

The June 30, 2007 Summary of Deposits report from the FDIC shows that FVNB ranks first in the AA with almost 38.53 percent of the deposit market share. Based on the most recent aggregate small business data, the 12.19 percent market share of FVNB ranked second out of forty lenders who originate loans to small businesses. For loans to small farms, the 58.16 percent market share ranked first out of twelve lenders who originate these types of loans.

Based on the most recent aggregate mortgage data, FVNB ranked third out of 181 lenders of home mortgage products with an overall market share of 5.62 percent. FVNB ranked ninth out of 155 lenders for home purchase loans with a 3.69 percent market share, ranked first out of 36 lenders for home improvement loans with a 16.67 percent market share and ranked second out of 89 lenders for home refinance loans with a 7.20 percent market share.

FVNB's competition includes large national banking company branches, regional bank branches, community banks, credit unions and non-bank financial service providers.

The local economy slowed throughout the past year as natural resources and consumer industries posted weaker growth. The local housing market remains fairly stable and has not yet shown signs of the deteriorating conditions seen in other parts of the nation. The March 31, 2008 unemployment rate of 3.5 percent remains lower than that of the State of Texas (4.4 percent) and the United States (5.3 percent). The hiring pace remains steady in the manufacturing industry, primarily petrochemical and plastics products. The trend shows a slight upward trend in hiring for these industries. Three of the five largest local employers in the area are in the manufacturing industry and include The Inteplast Group, Formosa Plastic, and Dow-Seadrift Operations. The other two largest employers are in health services and include Citizens Medical Center and De Tar Healthcare System.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As ___12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- 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 Home Mortgage 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) –
Table not Included.

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

Table 1. Lending Volume

LENDING VOLUME JANUARY 1, 2005 TO DECEMBER 31, 2007		Geography: TEXAS								Evaluation Period:		
MA/Assessment Area (2008):	% 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:												
Victoria MSA AA	49.46	485	45,389	1,612	159,442	568	39,372	1	115	2,666	244,318	64.08
Limited Review:												
College Station MSA AA	17.20	116	12,882	447	25,507	362	17,969	2	930	927	57,288	16.21
Corpus Christi MSA AA	12.41	123	18,827	358	47,981	188	31,549	0	0	669	98,357	5.50
Houston MSA AA	7.31	34	5,683	338	51,009	22	1,362	0	0	394	58,054	2.56
Jackson County AA	8.27	53	3,197	136	14,493	257	18,887	0	0	446	36,577	3.22
Walker County AA	5.34	54	6,348	175	16,742	57	4,557	2	486	288	28,133	8.44

* Loan Data as of December 31, 2007. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from July 18, 2005 to June 25, 2008.

*** Deposit Data as of June 30, 2007. 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 JANUARY 1, 2005 TO DECEMBER 31, 2007		Geography: TEXAS										Evaluation Period:				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
Victoria MSA AA	273	55.49	1.64	0.00	21.48	17.58	51.15	45.05	25.73	37.36	3.70	0.00	2.60	3.61	4.37	
Limited Review:																
College Station MSA AA	67	13.62	0.07	0.00	24.68	20.90	40.88	28.36	34.37	50.75	0.43	0.00	0.45	0.41	0.45	
Corpus Christi MSA AA	79	16.06	3.53	1.27	23.89	3.80	43.52	58.23	29.06	36.71	0.24	0.69	0.08	0.39	0.13	
Houston MSA AA	19	3.86	0.42	0.00	10.75	15.79	29.96	26.32	58.87	57.89	0.00	0.00	0.00	0.01	0.00	
Jackson County AA	27	5.49	0.00	0.00	0.00	0.00	66.00	55.56	34.00	44.44	3.42	0.00	0.00	3.75	3.03	
Walker County AA	27	5.49	0.00	0.00	4.41	3.70	33.52	44.44	62.07	51.85	1.63	0.00	0.00	1.92	1.54	

* Based on 2006 Peer Mortgage Data (Western)

** 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT JANUARY 1, 2005 TO DECEMBER 31, 2007			Geography: TEXAS								Evaluation Period:				
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:															
Victoria MSA AA	107	60.45	1.64	0.00	21.48	19.63	51.15	42.06	25.73	38.32	16.84	0.00	18.18	14.18	20.69
Limited Review:															
College Station MSA AA	25	14.12	0.07	0.00	24.68	36.00	40.88	40.00	34.37	24.00	8.11	0.00	14.89	6.25	5.41
Corpus Christi MSA AA	15	8.47	3.53	0.00	23.89	20.00	43.52	60.00	29.06	20.00	0.78	0.00	0.37	1.38	0.30
Houston MSA AA	5	2.82	0.42	0.00	10.75	0.00	29.96	40.00	58.87	60.00	0.04	0.00	0.00	0.00	0.06
Jackson County AA	13	7.34	0.00	0.00	0.00	0.00	66.00	53.85	34.00	46.15	13.33	0.00	0.00	4.76	33.33
Walker County AA	12	6.78	0.00	0.00	4.41	0.00	33.52	58.33	62.07	41.67	6.25	0.00	0.00	15.79	0.00

* Based on 2006 Peer Mortgage Data (Western)

** 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE JANUARY 1, 2005 TO DECEMBER 31, 2007			Geography: TEXAS								Evaluation Period:				
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	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Victoria MSA AA	103	53.93	1.64	0.00	21.48	16.50	51.15	38.83	25.73	44.66	7.06	0.00	8.26	4.67	10.27
Limited Review:															
College Station MSA AA	23	12.04	0.07	0.00	24.68	34.78	40.88	34.78	34.37	30.43	1.02	0.00	1.43	0.63	1.17
Corpus Christi MSA AA	29	15.18	3.53	6.90	23.89	17.24	43.52	58.62	29.06	17.24	0.36	0.00	0.18	0.69	0.07
Houston MSA AA	10	5.24	0.42	0.00	10.75	0.00	29.96	10.00	58.87	90.00	0.03	0.00	0.00	0.00	0.04
Jackson County AA	13	6.81	0.00	0.00	0.00	0.00	66.00	30.77	34.00	69.23	10.20	0.00	0.00	3.13	23.53
Walker County AA	13	6.81	0.00	0.00	4.41	0.00	33.52	23.08	62.07	76.92	2.51	0.00	0.00	1.22	3.06

* Based on 2006 Peer Mortgage Data (Western)

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY JANUARY 1, 2005 TO DECEMBER 31, 2007		Geography: TEXAS								Evaluation Period:					
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	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Victoria MSA AA	2	40.00	1.85	0.00	33.54	50.00	42.83	50.00	21.78	0.00	11.11	0.00	33.33	0.00	0.00
Limited Review:															
College Station MSA AA	1	20.00	7.32	0.00	31.35	0.00	52.16	100.00	9.16	0.00	0.00	0.00	0.00	0.00	0.00
Corpus Christi MSA AA	0	0.00	7.25	0.00	14.32	0.00	46.80	0.00	31.63	0.00	0.00	0.00	0.00	0.00	0.00
Houston MSA AA	0	0.00	3.60	0.00	16.07	0.00	23.73	0.00	56.60	0.00	0.00	0.00	0.00	0.00	0.00
Jackson County AA	0	0.00	0.00	0.00	0.00	0.00	76.59	0.00	23.41	0.00	0.00	0.00	0.00	0.00	0.00
Walker County AA	2	40.00	0.00	0.00	2.03	0.00	85.47	50.00	12.51	50.00	0.00	0.00	0.00	0.00	0.00

* Based on 2006 Peer Mortgage Data (Western)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

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

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES JANUARY 1, 2005 TO DECEMBER 31, 2007												Geography: TEXAS					Evaluation Period:				
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 Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
Full Review:																					
Victoria MSA AA	1,612	52.97	0.94	0.93	31.26	30.40	43.42	36.79	24.37	31.89	12.19	27.27	13.62	11.07	13.80						
Limited Review:																					
College Station MSA AA	447	14.69	1.48	0.00	28.96	28.19	38.40	33.56	30.75	38.26	2.92	0.00	4.49	2.79	2.64						
Corpus Christi MSA AA	358	11.76	10.96	6.98	23.64	33.24	41.40	46.09	24.01	13.69	0.91	0.42	1.92	1.03	0.40						
Houston MSA AA	315	10.35	1.49	0.63	10.45	15.24	27.12	17.78	58.82	66.35	0.27	0.23	0.58	0.21	0.22						
Jackson County AA	136	4.47	0.00	0.00	0.00	0.00	65.34	63.97	34.66	36.03	12.43	0.00	0.00	14.86	10.94						
Walker County AA	175	5.75	0.00	0.00	7.38	5.71	51.53	53.14	41.09	41.14	4.29	0.00	4.17	5.23	3.66						

* Based on 2006 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2008).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS JANUARY 1, 2005 TO DECEMBER 31, 2007			Geography: TEXAS								Evaluation Period:				
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:															
Victoria MSA AA	568	39.06	0.32	0.88	14.15	2.82	62.38	61.44	23.15	34.86	58.16	100.00	13.33	56.99	69.88
Limited Review:															
College Station MSA AA	362	24.90	0.80	0.00	17.96	25.14	45.31	55.25	35.93	19.61	53.18	0.00	80.00	63.36	32.93
Corpus Christi MSA AA	188	12.93	5.30	2.66	18.04	42.02	49.83	45.74	26.83	9.57	24.59	14.29	41.30	26.97	3.33
Houston MSA AA	22	1.51	0.91	0.00	11.50	31.82	35.41	36.36	51.82	31.82	2.12	0.00	6.45	2.22	1.35
Jackson County AA	257	17.68	0.00	0.00	0.00	0.00	68.80	51.75	31.20	48.25	58.46	0.00	0.00	58.33	59.65
Walker County AA	57	3.92	0.00	0.00	5.71	0.00	49.52	50.88	44.76	49.12	32.43	0.00	0.00	63.64	29.41

* Based on 2006 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2008).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE JANUARY 1, 2005 TO DECEMBER 31, 2007		Geography: TEXAS										Evaluation Period:				
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 ¹	% BANK Loans**	% Families***	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
Full Review:																
Victoria MSA AA	273	55.49	21.02	4.62	17.44	15.38	20.32	17.31	41.22	62.69	4.37	3.33	3.35	3.18	5.28	
Limited Review:																
College Station MSA AA	67	13.62	23.99	4.92	16.01	14.75	17.61	21.31	42.39	59.02	0.48	1.09	0.56	0.66	0.39	
Corpus Christi MSA AA	79	16.06	22.82	2.74	16.99	2.74	19.76	13.70	40.43	80.82	0.25	0.00	0.08	0.13	0.34	
Houston MSA AA	19	3.86	14.59	0.00	14.37	0.00	18.53	31.25	52.51	68.75	0.00	0.00	0.00	0.00	0.00	
Jackson County AA	27	5.49	17.13	4.00	14.53	8.00	20.11	24.00	48.22	64.00	3.33	0.00	7.14	2.63	3.13	
Walker County AA	27	5.49	16.80	0.00	15.54	7.69	19.15	23.08	48.51	69.23	1.72	0.00	1.75	3.85	1.12	

* Based on 2006 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 6.3% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

¹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT JANUARY 1, 2005 TO DECEMBER 31, 2007		Geography: TEXAS										Evaluation Period:				
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 ²	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
Full Review:																
Victoria MSA AA	107	60.45	21.02	10.20	17.44	14.29	20.32	24.49	41.22	51.02	15.27	18.75	14.29	18.64	13.33	
Limited Review:																
College Station MSA AA	25	14.12	23.99	12.50	16.01	12.50	17.61	16.67	42.39	58.33	7.69	27.27	10.00	5.56	6.09	
Corpus Christi MSA AA	15	8.47	22.82	13.33	16.99	0.00	19.76	20.00	40.43	66.67	0.81	1.53	0.00	0.77	0.89	
Houston MSA AA	5	2.82	14.59	0.00	14.37	40.00	18.53	0.00	52.51	60.00	0.04	0.00	0.00	0.00	0.06	
Jackson County AA	13	7.34	17.13	0.00	14.53	0.00	20.11	30.77	48.22	69.23	13.33	0.00	0.00	33.33	10.00	
Walker County AA	12	6.78	16.80	0.00	15.54	10.00	19.15	20.00	48.51	70.00	4.35	0.00	0.00	0.00	7.41	

* Based on 2006 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 6.8% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

² Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE JANUARY 1, 2005 TO DECEMBER 31, 2007		Geography: TEXAS										Evaluation Period:				
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 ³	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
Victoria MSA AA	103	53.93	21.02	8.79	17.44	13.19	20.32	20.88	41.22	57.14	7.39	14.29	7.95	3.65	8.21	
Limited Review:																
College Station MSA AA	23	12.04	23.99	4.76	16.01	14.29	17.61	9.52	42.39	71.43	1.15	1.82	1.60	0.90	1.10	
Corpus Christi MSA AA	29	15.18	22.82	0.00	16.99	12.00	19.76	8.00	40.43	80.00	0.36	0.00	0.00	0.15	0.55	
Houston MSA AA	10	5.24	14.59	0.00	14.37	25.00	18.53	12.50	52.51	62.50	0.02	0.00	0.00	0.04	0.02	
Jackson County AA	13	6.81	17.13	15.38	14.53	0.00	20.11	30.77	48.22	53.85	10.87	50.00	0.00	8.33	11.54	
Walker County AA	13	6.81	16.80	0.00	15.54	15.38	19.15	23.08	48.51	61.54	2.88	0.00	4.76	2.04	2.98	

* Based on 2006 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 10.5% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES JANUARY 1, 2005 TO DECEMBER 31, 2007					Geography: TEXAS			Evaluation Period:	
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****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Victoria MSA AA	1,612	52.58	64.21	61.17	77.73	12.90	9.37	12.19	15.68
Limited Review:									
College Station MSA AA	447	14.58	61.65	66.22	88.59	7.16	4.25	2.92	5.17
Corpus Christi MSA AA	358	11.68	66.83	52.79	66.20	17.32	16.48	0.91	1.31
Houston MSA AA	338	11.02	68.40	59.47	59.17	23.96	16.86	0.27	0.46
Jackson County AA	136	4.44	54.17	41.91	81.62	8.82	9.56	12.43	11.43
Walker County AA	175	5.71	60.79	54.29	75.43	18.86	5.71	4.29	6.65

* Based on 2006 Peer Small Business Data -- US and PR

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2008).

**** 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 21.36% 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 JANUARY 1, 2005 TO DECEMBER 31, 2007				Geography: TEXAS			Evaluation Period:		
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 \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Victoria MSA AA	568	39.06	98.39	62.68	83.10	8.98	7.92	58.16	49.30
Limited Review:									
College Station MSA AA	362	24.90	93.01	57.18	86.74	10.50	2.76	53.18	48.57
Corpus Christi MSA AA	188	12.93	96.84	62.77	43.62	32.45	23.94	24.59	18.94
Houston MSA AA	22	1.51	96.55	77.27	86.36	9.09	4.55	2.12	2.47
Jackson County AA	257	17.68	97.60	59.92	78.60	14.40	7.00	58.46	51.55
Walker County AA	57	3.92	95.24	61.40	84.21	7.02	8.77	32.43	25.00

* Based on 2006 Peer Small Business Data -- US and PR

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

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2008).

**** 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 31.84% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS JANUARY 1, 2005 TO JUNE 23, 2008		Geography: TEXAS						Evaluation Period:	
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:									
Victoria MSA AA	0	0	148	1,700	148	1,700	52.46	1	1,194
Limited Review:									
College Station MSA AA	0	0	26	506	26	506	15.62	0	0
Corpus Christi MSA AA	0	0	25	517	25	517	15.96	1	300
Houston MSA AA	0	0	4	504	4	504	15.56	0	0
Jackson County AA	0	0	16	2	16	2	0.06	0	0
Walker County AA	0	0	20	11	20	11	0.34	0	0
Statewide/Regional:	0	0	0	0	0	0	0	1	648

* 'Prior Period Investments' means investments made in a previous 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 JANUARY 1, 2005 TO DECEMBER 31, 2007								Geography: TEXAS				Evaluation Period:					
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:																	
Victoria MSA AA	64.08	4	22.22	0.00	25.00	25.00	50.00	0	0	0	0	0	0	2.00	27.09	48.19	22.72
Limited Review:																	
College Station MSA AA	16.21	4	22.22	0.00	50.00	50.00	0.00	4	0	0	2	2	0	2.05	31.46	36.92	23.78
Corpus Christi MSA AA	5.50	4	22.22	25.00	25.00	25.00	25.00	3	1	0	1	1	0	5.95	26.89	41.64	25.52
Houston MSA AA	2.56	3	16.67	0.00	0.00	0.00	100.00	2	0	0	0	0	2	1.22	13.22	30.85	54.71
Jackson County AA	3.22	1	5.56	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	66.41	33.59
Walker County AA	8.44	2	11.11	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	7.55	39.70	52.75

Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System JANUARY 1, 2005 TO DECEMBER 31, 2007				Geography: TEXAS				Evaluation Period:									
MA/Assessment Area:	Deposits	Branches				ATMs				Population							
	% of Total Bank Deposits	# of Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography				
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
Full Review:																	
Victoria MSA AA	64.08	4	22.22	0	25	25	50	11	45.83	0	6	2	3	2.00	27.09	48.19	22.72
Limited Review:																	
College Station MSA AA	16.21	4	22.22	0	50	50	0	4	16.67	0	2	2	0	2.05	31.46	36.92	23.78
Corpus Christi MSA AA	5.50	4	22.22	25	25	25	25	4	16.67	0	2	1	1	5.95	26.89	41.64	25.52
Houston MSA AA	2.56	3	16.67	0	0	0	100	2	8.33	0	0	0	2	1.22	13.22	30.85	54.71
Jackson County AA	3.22	1	5.56	0	0	100	0	1	4.17	0	0	1	0	0.00	0.00	66.41	33.59
Walker County AA	8.44	2	11.11	0	0	100	0	2	8.33	0	0	0	2	0.00	7.55	39.70	52.75