



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Public Disclosure**

**March 10, 2003**

**Community Reinvestment Act  
Performance Evaluation**

**Austin Bank, Texas National Association  
Charter Number: 5581**

**200 East Commerce Street  
Jacksonville, TX 75766**

**Office of the Comptroller of the Currency**

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**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## OVERALL CRA RATING

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

The following table indicates the performance level of **Austin Bank, Texas National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Austin Bank, Texas National Association 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:

- Austin Bank demonstrates good responsiveness to the credit needs of its assessment areas. A substantial majority of the bank's loans were within its designated assessment areas. The distribution of these loans by geography and by borrower income level reflects a good penetration throughout the assessment areas.
- The level of qualified community development investments, grants and donations represents adequate responsiveness to identified community development needs. The bank made qualified investments during the evaluation period totaling \$1.3 million or 2.32% of Tier 1 Capital.
- Austin Bank's delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment areas. Each branch office provides the same products and services, and business hours have been tailored to accommodate the customers' needs.

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

Austin Bank, headquartered in Jacksonville, Texas, is an intrastate financial institution with \$579 million in assets. The bank is wholly owned by Austin Bancorp, Inc., a one bank holding company. Austin Bank has nineteen full service branches and automatic teller machines located throughout the East Texas area. The bank's offices are located in the non-metropolitan counties of Cherokee, Nacogdoches, Shelby, Van Zandt, and Rains. Banking offices are also located in Smith County which is included in the Tyler MSA and in Gregg, Harrison and Upshur Counties which are located in the Longview/Marshall MSA.

Austin Bank's philosophy is to be a full service institution by providing a wide array of financial services to consumers and small businesses. Austin Bank is retail oriented and offers a wide range of deposit and loan products. As of December 31, 2002, the bank's net loans represented 74% of total assets. The loan portfolio is comprised of 28% residential real estate, 26% commercial real estate, 18% commercial, 21% consumer, and 7% agriculture.

There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its assessment areas. Austin Bank's Tier 1 Capital level is \$58.1 million representing 10.12% of adjusted average assets as of December 31, 2002. The bank's CRA performance was last evaluated as of August 16, 1999, with the overall level of performance rated "Satisfactory."

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Conclusions regarding the bank's lending performance are based on residential mortgage, small business and small farm loans for the years 2001 and 2002. This evaluation period for the bank's lending performance does not include loans made prior to this time, though made since the last examination, as the bank became subject to large bank data collection requirements as of January 1, 2001. For community development loans and the Service and Investment Tests, the evaluation period runs from the ending date of the last CRA evaluation period to the start date of the current CRA examination. This evaluation period runs from August 16, 1999, through March 10, 2003. The Investment Test included a review of investments, grants and donations made in the bank's assessment areas that meet the definition of community development investments. The Service Test included a review of retail and community development services provided in the bank's assessment areas.

### Data Integrity

We verified the accuracy of data used in the evaluation of the bank's performance by reviewing samples of the loan products reported during the evaluation period. Our review revealed the integrity of the bank's data is sound and considered to be a reliable source of information when reviewing CRA performance. We found no significant exceptions or weaknesses that would affect the bank's performance or ratings. Publicly reported data relating to these loans is considered accurate.

Community development loans, investments, and services submitted by Austin Bank's management were also verified to ensure they meet the regulatory definition for community development.

### Selection of Areas for Full-Scope Review

The bank's primary assessment area includes Cherokee, Nacogdoches, and adjacent block numbering areas in Rusk, Panola and Shelby counties. This area, referred to as the Jacksonville Area, was selected for a full scope review due to the location of the bank's headquarters and five of its branch offices. As such, the largest percentage of the bank's deposits and reported loans are located in this area. The Longview/Marshall MSA was also selected for review. These areas constitute a representative sample of both rural and metropolitan markets in which the bank operates. Performance ratings are based primarily on results of these areas that received full-scope reviews. We also performed limited scope examinations in the Tyler MSA and the Rains and Van Zandt Counties assessment areas. Refer to the table in Appendix A: Scope of the Examination for additional information.

### Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. Also, when determining a rating for the bank's lending performance, we reviewed home mortgages and commercial lending. These major types of lending activities comprise relatively equal portions of the loan portfolio and received equal consideration during this review.



## **Other**

Our review also included contacting local business groups in each of the assessment areas receiving a full scope examination. Contacts in both assessment areas stated the primary need in each area is for residential housing, consumer loans and small business loans. Each contact also stated the local financial institutions offer products that help meet these needs.

## **Fair Lending Review**

An analysis of the most recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed August 1999.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Jacksonville Area and the Longview/Marshall MSA is good.

#### Lending Activity

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

The bank's overall lending activity is good. The bank has made 4,879 loans for a total of \$220 million. These loans are distributed throughout the bank's four assessment areas with the majority of the loans in the Jacksonville assessment area. In addition, the distribution of the types of loans is reasonably divided among mortgage, small business and small farm loans.

#### Jacksonville Area:

Loan volume in the Jacksonville assessment area is good. Overall, this area accounts for approximately 50% of the bank's loans with 38% of the deposits. Austin Bank ranks third in the deposit market share at 13%. The bank also ranks third in home purchase and home refinance with market shares of 7% and 9% respectively while ranking second in home improvement with 27% market share. Additionally, the lending volume of small business loans and small loans to farms exceeds the deposit market share for the assessment area with market shares for these types loans at 24% and 33% respectively.

#### Longview/Marshall MSA

Loan volume in the Longview/Marshall MSA is adequate. The bank has 4% of the deposit market share in this assessment area and ranks ninth in this market. Austin Bank ranks 35<sup>th</sup> in the assessment area for home purchase loans and has a 0.87% market share. For home improvement loans, the bank ranks tenth with a market share of 3.16%. The bank ranks ninth for refinance loans with a 2.31% market share. Austin Bank also ranks ninth with a market share of 4.18% for loans to small businesses and is ranked third in loans to small farms with a market share of 15.53%. Numerous nondeposit taking institutions such as mortgage and finance companies, mobile home lenders, and various other lenders compete for market share of loans in this market.

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

Austin Bank's overall distribution of loans by income level of the geography is excellent. Geographic distribution for home mortgage products, and small loans to businesses and farms

is good in both the Jacksonville area and in the Longview/Marshall MSA. The bank originated a minimal number of multifamily loans; therefore, a geographical analysis of multifamily loans is not meaningful.

***Home Mortgage Loans:***

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

*Home Purchase Loans:*

Jacksonville Area

The geographic distribution of home purchase loans is good. The distribution of loans in moderate-income BNAs is near to the percentage of owner-occupied housing units in the moderate-income BNAs. Additionally, the bank's market share in the moderate-income BNAs exceeds its overall market share in the assessment area.

Longview/Marshall MSA

The geographic distribution of home purchase loans is good. The distribution of loans in moderate-income CTs slightly exceeds the percentage of owner-occupied housing units in the moderate-income CTs. Additionally, the bank's market share in the moderate-income CTs exceeds its overall market share in the assessment area. No loans were originated in low-income geographies; however, there are fewer opportunities to make home purchase loans in these geographies due to the low percentage of owner-occupied housing units.

*Home Improvement Loans:*

Jacksonville Area

The geographic distribution of home improvement loans is excellent. The distribution of loans in moderate-income BNAs exceeds the percentage of owner-occupied housing units in the moderate-income BNAs. Additionally, the bank's market share in the moderate-income BNAs exceeds its overall market share in the assessment area.

Longview/Marshall MSA

The geographic distribution of home improvement loans is adequate. The distribution of loans in moderate-income CTs is less than the percentage of owner-occupied housing units in the moderate-income CTs. However, the bank's market share in the moderate-income CTs exceeds its overall market share in the assessment area. No loans were originated in low-income geographies; however, there are fewer opportunities to make home improvement loans in these geographies due to the low percentage of owner-occupied housing units.

*Home Refinance Loans:*Jacksonville Area

The geographic distribution of home refinance loans is good. The distribution of loans in moderate-income BNAs exceeds the percentage of owner-occupied housing units in the moderate-income BNAs. Additionally, the bank's market share in the moderate-income BNAs is near to its overall market share in the assessment area.

Longview/Marshall MSA

The geographic distribution of home refinance loans is excellent. The distribution of loans in moderate-income CTs significantly exceeds the percentage of owner-occupied housing units in the moderate-income CTs. Additionally, the bank's market share in the moderate-income CTs exceeds its overall market share in the assessment area. No loans were originated in low-income geographies; however, there are fewer opportunities to make home refinance loans in these geographies due to the low percentage of owner-occupied housing units.

***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 distribution of loans by the income level of the geography is excellent in both the Jacksonville and Longview/Marshall MSA assessment areas.

Jacksonville Area

The geographic distribution of small business loans is excellent. The percentage of small business loans made in the moderate-income BNAs exceeds the percentage of small businesses located in the moderate income BNAs. Additionally, the bank's market share in moderate-income BNAs exceeds its overall market share in the assessment area.

Longview/Marshall MSA

The geographic distribution of small business loans is excellent. Performance in both low and moderate-income geographies was considered in this evaluation. The percentage of loans in low-income CTs is near to the percentage of small businesses located in low-income CTs and exceeds the percentage of small businesses located in moderate-income CTs. Also, the market share in low income CTs is near to the overall market share while the market share in moderate income CTs exceeds the overall market share.

***Small Loans to Farms***

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms. The bank's distribution of loans by the income level of the geography is good in both the Jacksonville and Longview/Marshall MSA assessment areas.

Jacksonville Area

The geographic distribution of small farm loans is good. The percentage of small farm loans made in the moderate-income BNAs exceeds the percentage of small farms located in the moderate income BNAs. Additionally, the bank's market share in moderate income BNAs exceeds its overall market share in the assessment area.

Longview/Marshall MSA

The geographic distribution of small loans to farms is excellent. The distribution of loans in moderate-income CTs significantly exceeds the percentage of small farms located in the moderate-income CTs. Additionally, the bank's market share in the moderate-income CTs exceeds its overall market share in the assessment area. No loans were originated in low-income geographies; however, there are fewer opportunities to make small farm loans in these geographies due to the low percentage of small farms located in low-income geographies.

**Lending Gap Analysis**

Our review included an evaluation of Austin Bank's lending throughout the assessment areas including any low- and moderate-income tracts. This was done using maps and reports showing the bank's lending in each tract to identify any gaps in the geographic distribution of home mortgage loans, small loans to businesses and small loans to farms. No unexplained or conspicuous gaps were identified.

***Inside/Outside Ratio***

During the evaluation period, 87% of loans reviewed were within the combined assessment areas. Approximately 89% of home mortgage loans, 89% of small business loans and 79% of small farm loans were within the bank's assessment areas. This performance was positively factored into the overall analysis of the geographic distribution of lending.

**Distribution of Loans by Income Level of the Borrower*****Home Mortgage Loans***

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

Austin Bank's overall distribution of loans by income level of the borrower is adequate given the overall demographics of the bank's assessment areas. The median cost of housing in the Jacksonville area is \$45M while a low-income person earns less than \$18,050 based on the HUD updated 2002 median family income. Additionally, 25.56% of the households in the assessment area live below the poverty level. In the Longview/Marshall MSA, the median cost of housing is \$50M with a low-income person earning less than \$20,750. Approximately 18% of the households in this assessment area live below the poverty level. Furthermore, competition for home mortgage products is strong with numerous banks, mortgage companies and financial institutions vying for these products. We considered these mitigating factors in our home mortgage lending analysis to low-income borrowers.

*Home Purchase Loans*

Jacksonville Area

The distribution of home purchase loans by borrower income level is adequate. The percentage of loans to low-income borrowers is below the percentage of low-income families in the assessment area and is reflective of the factors discussed above. The percentage of home loans to moderate-income borrowers is near to the percentage of moderate-income families in the assessment area.

Longview/Marshall MSA

The distribution of home purchase loans by borrower income level is adequate. The percentage of loans to low-income borrowers is below the percentage of low-income families in the assessment area and is reflective of the factors discussed above. The percentage of home loans to moderate-income borrowers is near to the percentage of moderate-income families.

*Home Improvement Loans*

Jacksonville Area

The distribution of home improvement loans by borrower income level is adequate. The percentage of loans to low-income borrowers is below the percentage of low-income families in the assessment area and is reflective of the factors discussed above. The percentage of home loans to moderate-income borrowers is near to the percentage of moderate-income families in the assessment area. The bank's market share of loans to low and moderate-income borrowers exceeds its overall market share.

Longview/Marshall MSA

The distribution of home improvement loans by borrower income level is adequate. The percentage of loans to low-and moderate-income borrowers is below the percentage of low and moderate income families in the assessment area. However, in addition to the factors discussed above, home improvement loans are not a primary product type in this assessment area with the bank having a low overall market share.

*Home Refinance Loans*

Jacksonville Area

The distribution of home refinance loans by borrower income level is adequate. The percentage of loans to low-income borrowers is below the percentage of low-and moderate-income families in the assessment area and is reflective of the factors discussed above. However, the bank's market share of loans to low-income borrowers exceeds its overall market share while the market share of loans to moderate-income borrowers is near to its overall market share.

Longview/Marshall MSA

The distribution of home improvement loans by borrower income level is adequate. The percentage of loans to low-and moderate-income borrowers is below the percentage of low-and moderate- income families in the assessment area and is reflective of the mitigating factors discussed above. With strong competition for home refinance products, the bank has a low overall market share in this assessment area.

***Small Loans to Businesses***

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

Jacksonville Area

The borrower distribution of small loans to businesses is excellent. The percentage of loans to businesses with revenues of \$1 million or less exceeds the percentage of businesses with revenues of \$1 million or less in the AA. Also, the market share to businesses with revenues of \$1 million or less exceeds its overall market share.

Longview/Marshall MSA

The bank's distribution of small loans to businesses is adequate. The percentage of loans to businesses with revenues of \$1 million or less is near to the percentage of businesses with revenues of \$1 million or less in the AA. The market share to businesses with revenues of \$1 million or less is also near to its overall market share.

***Small Loans to Farms***

Refer to Table 12 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses. The distribution of loans by income level of the farm is good in both the Jacksonville area and the Longview/Marshall MSA.

Jacksonville Area

The bank's distribution of loans to small farms in the assessment area is good. The percentage of bank loans to farms with revenues of \$1 million or less is near to the percentage of small farms in the assessment area. The bank's market share of loans to farms with revenues of \$1 million or less is also near to the bank's overall market share.

Longview/Marshall MSA

The bank's distribution of loans to small farms in the assessment area is good. The percentage of bank loans to farms with revenues of \$1 million or less is near to the percentage of small farms in the assessment area. The bank's market share of loans to farms with revenues of \$1 million or less is also near to the bank's overall market share.



## **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

Austin Bank has an adequate level of community development (CD) loans in the Longview/Marshall MSA. During the evaluation period the bank made one CD loan totaling \$7M. This loan was a part of the bank's approved line of credit to Growth Enterprises of Marshall, Inc., a community development corporation for small businesses. CD lending is not considered complex or innovative. CD lending had a neutral effect on the Lending Test Conclusions in the Jacksonville and the Longview/Marshall MSA assessment areas.

## **Product Innovation and Flexibility**

Austin Bank participates in the Homebuyer Equity Leverage Partnership (HELP) program offered through the Federal Home Loan Bank in order to assist low and moderate-income individuals with affordable housing-related credit needs. This program provides down payment and/or closing costs to eligible first time homebuyers whose income is 80 percent or less of the area median income. Grant funds are provided to member institutions to match homebuyer savings at a 3:1 ratio when the prospective homebuyer has saved at least \$1,000 and completes a homebuyer or homeowner counseling program. Austin Bank has used this program to promote the home purchase by low- and moderate-income families in each of its assessment area.

Austin Bank also participates in the City of Longview First Time Homebuyers program. This program is also designed to provide assistance to low- and moderate-income individuals in the purchase of a home with more flexible terms and costs.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Tyler MSA and in Rains and Van Zandt Counties is not inconsistent with the bank's overall "High Satisfactory" performance under the lending test. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Jacksonville area and in the Longview/Marshall MSA is adequate.

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

The bank has provided an adequate level of qualified community development investments. The bank recently purchased two mortgage-backed securities totaling \$1.263 million that consists of residential loans made primarily to low- and moderate-income borrowers in the East Texas area. In addition, the bank is committed to local organizations that provide community services by providing donations to several organizations in each assessment area. Donations are to organizations that promote affordable housing, youth programs that benefit low- and moderate-income children, programs that assist low- and moderate-income families, and business and economic development.

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

Based on limited-scope reviews, the bank's performance under the investment test in the Tyler MSA and in Rains and Van Zandt Counties is not inconsistent with the bank's overall "Low Satisfactory" performance under the investment test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Jacksonville Area and in the Longview/Marshall MSA is good.

### **Retail Banking Services**

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

The delivery systems of the bank are reasonably accessible to geographies and individuals of different income levels in its assessment areas. The bank operates eleven banking offices that are conveniently located in each of these assessment areas. These branches are located in two moderate, seven middle and two upper income census tracts or block numbering areas. Due to the close proximity to the boundaries of the low and moderate-income tracts, the branch locations are easily accessible to all areas. A branch has been opened in each of the assessment areas under review.

A wide range of financial services are provided at each branch and are consistent throughout the bank's branch network. The bank offers ATMs at each branch location as well as offering telephone and Internet banking services, ACH deposits, and low cost checking accounts. We could not place significant weight on the alternative delivery systems when drawing our conclusions because no data was available to judge the accessibility and effectiveness of such systems to low- and moderate-income individuals. In addition to alternative delivery systems, a bilingual employee is available to provide assistance at most banking offices.

## **Community Development Services**

In addition to retail banking services, the bank provides a limited level of community services. During 2002, the bank applied for and was awarded a \$30,000 grant from the Federal Home Loan Bank's Home Equity Leverage Partnership program. This is an affordable housing initiative that provides down payment and closing costs assistance to low- and moderate-income homebuyers. While bank services that promote community development are limited, bank officers are active in numerous local organizations that promote community development such as Habitat for Humanity, A Circle of Ten, Inc., and the local housing authorities. CD services are not considered complex or innovative. CD services had a neutral effect on the Service Test Conclusions in the Jacksonville and the Longview/Marshall MSA assessment areas.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Tyler MSA and in Rains and Van Zandt Counties is not inconsistent with the bank's overall "High Satisfactory" performance under the Service Test. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/2001 to 12/31/2002 Investment and Service Tests and CD Loans: 08/16/1999 to 03/10/2003	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Austin Bank Jacksonville, Texas	Home Mortgage Loans, Commercial Loans and Farm Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Jacksonville Area	Full-Scope	Cherokee and Nacogdoches Counties and parts of Shelby, Rusk and Panola Counties
Longview/Marshall MSA #4420 Tyler MSA #8640 Rains and Van Zandt Counties	Full-Scope Limited Scope Limited Scope	Entire MSA Entire MSA Entire Counties

# Appendix B: Market Profiles for Full-Scope Areas

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

Jacksonville Area .....	2
Longview/Marshall MSA.....	3

**Jacksonville Area:**

Demographic Information for Full-Scope Area: <b>Jacksonville Area</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	28	0.0	21.4	67.9	10.7	0.0
Population by Geography	116,666	0.0	20.0	65.6	14.4	0.0
Owner-Occupied Housing by Geography	28,677	0.0	11.4	74.4	14.2	0.0
Businesses by Geography	7,048	0.0	21.2	58.3	20.5	0.0
Farms by Geography	374	0.0	12.6	66.3	21.1	0.0
Family Distribution by Income Level	29,645	23.3	16.4	19.9	40.4	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,764	0.0	20.5	70.9	8.6	0.0
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$24,585 = \$36,100 =25.56%	Median Housing Value Unemployment Rate		= \$45,004 = 3.06%		

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

The Jacksonville Assessment Area consists of Cherokee and Nacogdoches counties. It also includes one BNA in Panola County (9506), one BNA in Rusk County (9512) and four BNAs in Shelby County (9501, 9502, 9503 and 9504). There are 28 BNAs in this assessment area with no low income BNAs, 6 moderate income BNAs, 19 middle income and 3 upper income BNAs. The Jacksonville Area has a combined population of 116,666. Six of the bank's branches are located in this assessment area with 38% of the total bank deposits and 50% of the loans originated in this assessment period. The bank also operates 6 ATM machines within this area. Several other institutions compete in this market with Austin Bank having the third largest market share of deposits. Austin Bank is a retail oriented bank with a focus on mortgage lending, commercial lending and consumer lending. The area economy is considered stable. Major employers in Cherokee County include the Texas Department of Criminal Justice, Rusk State Hospital, medical related services and industries and educational facilities. Major employers in Nacogdoches County include Stephen F. Austin State University, J. M. Clipper, and Lone Star Fertilizer. Based on a recent contact with a local business group, the primary need within the area is for residential loans and small business loans. This contact felt the local financial institutions were providing products and financing which help meet these needs.

**Longview/Marshall MSA:**

Demographic Information for Full-Scope Area: Longview/Marshall MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	48	6.2	18.8	43.8	16.7	14.5
Population by Geography	193,801	0.2	17.9	60.3	21.6	0.0
Owner-Occupied Housing by Geography	50,016	0.1	15.3	62.5	22.2	0.0
Businesses by Geography	14,471	3.9	18.2	55.5	22.4	0.0
Farms by Geography	364	0.3	9.1	67.8	22.8	0.0
Family Distribution by Income Level	53,158	22.3	16.4	20.6	40.7	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	20,564	0.3	24.4	62.0	13.3	0.0
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$28,627 = \$41,500 =18.20%	Median Housing Value Unemployment Rate		= \$49,746 = 3.46%		

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

The Longview/Marshall MSA consists of Gregg, Harrison and Upshur counties and includes 48 CTs. There are 3 low income CTs, 9 moderate income CTs, 21 middle income and 8 upper income CTs with 7 tracts considered not applicable. The Longview/Marshall MSA has a total population of 193,801. Five of the bank’s branches are located in this assessment area with 21% of the total bank deposits and 15% of the loans originated in this assessment period. The bank also operates 5 ATM machines within this area. Numerous other institutions compete in this market with Austin Bank having the ninth largest market share of deposits with 4.11% of the deposits inside this market. Austin Bank is a retail oriented bank with a focus on mortgage lending, commercial lending and consumer lending. The loans economy is considered stable. Major employers in the area include Texas Eastman Company, LeTourneau, Inc., Republic Industries, Blue Cross/Blue Shield, and Fleetwood Travel. Based on a recent contact with a local business group, the primary need within the area is for residential loans and small business loans. This contact felt the local financial institutions were providing products and financing which help meet these needs.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

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

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

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



also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**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												Geography: TEXAS		Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002	
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)				
<b>Full Review:</b>															
Jacksonville Area	49.85	525	20,659	1,481	62,909	426	11,999	0	0	2,432	95,567	38.39			
Longview MSA	14.84	181	10,897	484	29,350	58	1,939	1	7	724	42,193	20.73			
<b>Limited Review:</b>															
Tyler MSA	21.89	195	9,071	709	39,220	164	3,216	0	0	1,068	51,507	25.26			
Van Zandt and Rains Cour	13.42	183	14,491	292	11,265	180	4,876	0	0	655	30,632	15.63			

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From August 16, 1999 to March 10, 2003.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: TEXAS					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Jacksonville Area	230	46.65	0.00	0.00	11.41	14.78	74.40	60.87	14.19	24.35	7.39	0.00	10.70	6.74	7.29	
Longview MSA	85	17.24	0.09	0.00	15.26	17.65	62.49	64.71	22.16	17.65	0.87	0.00	1.22	0.99	0.52	
<b>Limited Review:</b>																
Tyler MSA	74	15.01	3.15	0.00	6.45	1.35	58.52	56.76	31.88	41.89	0.62	0.00	0.00	0.60	0.70	
Van Zandt and Rains Counties	104	21.10	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	7.02	0.00	0.00	7.02	0.00	

\* Based on 2001 Peer Mortgage Data: Southwest Region.

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

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

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

Geographic Distribution: HOME IMPROVEMENT															
Geography: TEXAS															
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002															
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
<b>Full Review:</b>															
Jacksonville Area	194	53.01	0.00	0.00	11.41	30.41	74.40	55.15	14.19	14.43	27.37	0.00	30.38	32.81	14.29
Longview MSA	31	8.47	0.09	0.00	15.26	6.45	62.49	77.42	22.16	16.13	3.16	0.00	3.33	3.54	1.89
<b>Limited Review:</b>															
Tyler MSA	100	27.32	3.15	2.00	6.45	4.00	58.52	56.00	31.88	38.00	8.66	14.29	6.06	6.97	11.63
Van Zandt and Rains Counties	41	11.20	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	19.17	0.00	0.00	19.17	0.00

\* Based on 2001 Peer Mortgage Data: Southwest Region.

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: TEXAS								Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Jacksonville Area	99	45.41	0.00	0.00	11.41	17.17	74.40	63.64	14.19	19.19	9.23	0.00	8.77	12.54	4.76
Longview MSA	62	28.44	0.09	0.00	15.26	35.48	62.49	51.61	22.16	12.90	2.31	0.00	10.73	1.73	0.78
<b>Limited Review:</b>															
Tyler MSA	19	8.72	3.15	0.00	6.45	5.26	58.52	47.37	31.88	47.37	0.47	0.00	2.17	0.57	0.30
Van Zandt and Rains Counties	38	17.43	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	4.15	0.00	0.00	4.15	0.00

\* Based on 2001 Peer Mortgage Data: Southwest Region.

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

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

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: TEXAS					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Longview MSA	3	42.86	1.86	0.00	19.90	0.00	40.08	100.00	38.16	0.00	27.27	0.00	0.00	33.33	0.00	
Jacksonville Area	2	28.57	0.00	0.00	43.93	0.00	21.72	0.00	34.35	100.00	7.14	0.00	0.00	0.00	25.00	
<b>Limited Review:</b>																
Van Zandt and Rains Counties	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Tyler MSA	2	28.57	2.84	0.00	3.11	0.00	34.71	50.00	59.33	50.00	11.76	0.00	0.00	12.50	14.29	

\* Based on 2001 Peer Mortgage Data: Southwest Region.

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

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: TEXAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans						
<b>Full Review:</b>																
Jacksonville Area	1,481	49.93	0.00	0.00	21.15	34.10	58.30	40.58	20.54	25.32	19.25	0.00	38.51	15.49	19.04	
Longview MSA	484	16.32	3.88	2.69	18.24	29.55	55.47	44.21	22.36	23.55	4.18	3.17	7.63	3.99	3.82	
<b>Limited Review:</b>																
Tyler MSA	709	23.90	11.01	3.10	5.89	4.23	45.18	49.79	37.92	42.88	6.11	2.53	6.23	6.64	7.66	
Van Zandt and Rains Counties	292	9.84	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	14.44	0.00	0.00	16.93	0.00	

\* Based on 2001 Peer Small Business Data: US&PR.

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

\*\*\* Source Data - Dun and Bradstreet (2002).



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

Geographic Distribution: SMALL LOANS TO FARMS			Geography: TEXAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans						
<b>Full Review:</b>																
Jacksonville Area	426	51.45	0.00	0.00	12.57	17.37	66.31	57.28	21.12	25.35	25.21	0.00	45.79	20.42	32.55	
Longview MSA	58	7.00	0.27	0.00	9.07	20.69	67.86	63.79	22.80	15.52	15.53	0.00	16.00	15.96	16.22	
<b>Limited Review:</b>																
Tyler MSA	164	19.81	1.57	1.83	2.09	1.83	65.18	85.98	31.15	10.37	49.67	100.00	0.00	55.46	26.67	
Van Zandt and Rains Counties	180	21.74	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	47.66	0.00	0.00	53.97	0.00	

\* Based on 2001 Peer Small Business Data: US&PR.

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

\*\*\* Source Data - Dun and Bradstreet (2002).

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

Borrower Distribution: HOME PURCHASE		Geography: TEXAS					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****						
<b>Full Review:</b>																
Jacksonville Area	230	46.65	23.33	3.96	16.36	11.89	19.91	18.06	40.41	66.08	9.71	11.11	6.78	6.35	11.85	
Longview MSA	85	17.24	22.25	4.71	16.43	14.12	20.64	16.47	40.67	64.71	1.27	1.09	1.05	0.64	1.71	
<b>Limited Review:</b>																
Tyler MSA	74	15.01	21.70	5.56	16.81	13.89	21.88	18.06	39.61	62.50	0.83	0.35	0.45	0.23	1.44	
Van Zandt and Rains Counties	104	21.10	19.79	1.94	17.23	8.74	20.57	12.62	42.41	76.70	9.11	0.00	7.53	6.54	11.46	

\* Based on 2001 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.22% of loans originated and purchased by BANK.

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

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

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: TEXAS						Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Jacksonville Area	194	53.01	23.33	11.52	16.36	15.71	19.91	30.89	40.41	41.88	27.62	36.36	31.88	36.78	19.65
Longview MSA	31	8.47	22.25	6.90	16.43	3.45	20.64	13.79	40.67	75.86	3.22	0.00	1.02	2.65	5.02
<b>Limited Review:</b>															
Tyler MSA	100	27.32	21.70	10.00	16.81	20.00	21.88	18.00	39.61	52.00	8.73	7.81	5.60	5.63	11.71
Van Zandt and Rains Counties	41	11.20	19.79	4.88	17.23	7.32	20.57	9.76	42.41	78.05	19.33	22.22	7.14	11.11	23.08

\* Based on 2001 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.37% of loans originated and purchased by BANK.

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

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: TEXAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Jacksonville Area	99	45.41	23.33	3.06	16.36	9.18	19.91	18.37	40.41	69.39	11.25	17.65	7.55	14.06	10.99	
Longview MSA	62	28.44	22.25	0.00	16.43	3.23	20.64	14.52	40.67	82.26	3.05	0.00	0.44	1.24	4.48	
<b>Limited Review:</b>																
Tyler MSA	19	8.72	21.70	5.26	16.81	31.58	21.88	5.26	39.61	57.89	0.59	0.00	2.07	0.25	0.40	
Van Zandt and Rains Counties	38	17.43	19.79	5.26	17.23	7.89	20.57	15.79	42.41	71.05	5.06	0.00	7.14	3.17	5.33	

\* Based on 2001 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.46% of loans originated and purchased by BANK.

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

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

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: TEXAS		Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002			
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Jacksonville Area	1,481	49.93	75.01	87.58	92.10	4.59	3.31	19.25	27.86
Longview MSA	484	16.32	74.31	65.70	87.60	6.82	5.58	4.18	4.81
<b>Limited Review:</b>									
Tyler MSA	709	23.90	73.60	71.51	89.28	6.35	4.37	6.11	9.13
Van Zandt and Rains Counties	292	9.84	74.89	87.33	92.81	5.48	1.71	14.44	25.05

<sup>\*</sup> Based on 2001 Peer Small Business Data: US&PR.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

<sup>\*\*\*\*</sup> 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 1.58% of small loans to businesses originated and purchased by the bank.

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: TEXAS			Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Jacksonville Area	426	51.45	93.58	94.84	95.31	3.76	0.94	25.21	26.97
Longview MSA	58	7.00	94.23	96.55	96.55	0.00	3.45	15.53	17.39
<b>Limited Review:</b>									
Tyler MSA	164	19.81	93.19	97.56	98.17	1.83	0.00	49.67	51.06
Van Zandt and Rains Counties	180	21.74	91.40	96.11	96.67	2.78	0.56	47.66	48.51

<sup>\*</sup> Based on 2001 Peer Small Business Data: US&PR.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

<sup>\*\*\*\*</sup> 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 1.09% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: TEXAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Jacksonville Area	0	0	20	64	20	64	4.75	0	0
Longview MSA	0	0	13	13	13	13	.97	1	213
Area Wide MBS			2	1,263	2	1,263	93.76		
<b>Limited Review:</b>									
Tyler MSA	0	0	14	6	14	6	.45	0	0
Van Zandt and Rains Counties	0	0	4	1	4	1	.07	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: TEXAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					
MSA Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Jacksonville Area	38.39	6	32	0.00	16.67	50.00	33.33	1	0	0	0	0	1	0.00	20.03	65.58	14.39
Longview MSA	20.73	5	26	0.00	20.00	80.00	0.00	1	0	0	0	1	0	0.22	17.94	60.28	21.55
<b>Limited Review:</b>																	
Tyler MSA	25.26	5	26	0.00	0.00	60.00	40.00	0	0	0	0	0	0	5.13	8.71	54.30	31.87
Van Zandt and Rains Counties	15.63	3	16	0.00	0.00	100.00	0.00	0	2	0	0	- 2	0	0.00	0.00	100.00	0.00