



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**Woodforest National Bank
Charter Number: 16892**

**13301 East Freeway Drive
Houston, Texas 77015**

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

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Overall CRA Rating

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

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

Performance Levels	Woodforest National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		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 good. The net loans-to-deposit ratio has averaged 64% since the prior evaluation, which is near to other major competitors in the Houston Metropolitan Area (MA). About 94% of all reported loans are in the Houston MA.
- A good geographic distribution of loans, especially in small business lending, which exceeded comparable demographics in moderate-income tracts, while being slightly lower in low-income tracts.
- An excellent distribution of loans among customers of different income levels, particularly small businesses. Over 71% of small business loans are made to small businesses compared to 67% of the businesses in the Houston MA being small businesses.
- WNB originated an excellent level of community development loans at \$19.8 million, which were very responsive to affordable housing needs. These loans had a positive impact on the overall lending test rating.
- The bank has a good level of qualified community development investments in its assessment areas at \$4.4 million, in view of its capacity and resources, and considering the high level of opportunities in the Houston MA.
- Delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment areas, including low- and moderate-income individuals.
- Services do not vary in a way that inconveniences any portions of the assessment areas, including low- and moderate-income geographies and individuals. The bank offers

extended business hours, including Sunday hours, at its full-service branches in Wal-Marts and other stores, including 24-hour/day service at four Wal-Mart locations in the Houston MA. Other services that improve customers' accessibility to their personal and business accounts are the bank's 8pm daily cutoff time and 7-day/week, 24-hours/day processing.

- The bank provides a good level of community development services and they had a positive impact on the overall service test rating.

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

Woodforest National Bank (WNB) is headquartered in Houston, Texas. WNB has total assets of \$1.3 billion as of March 31, 2003. It is an intrastate bank with all banking locations in Texas. Through its statewide branching operations, the bank has 109 locations in 12 MSAs and 6 locations in non-MSA geographies.

WNB is a wholly-owned subsidiary of Woodforest Financial Group (WFG), which is also based in Houston, Texas. WFG had assets of \$1.3 billion as of December 31, 2002. WFG also operates two non-bank subsidiaries. Woodforest Financial Services, Inc. provides non-deposit products such as mutual funds and annuities, and provides comprehensive employee benefit plans to small and medium-sized businesses. Texas DCS, Ltd., d/b/a Merchant Choice Card Services provides merchant credit card processing for a wide range of owner-operated businesses, which are primarily small. Activities by affiliates were not considered in this evaluation of WNB's CRA performance.

WNB acquired the deposits and certain assets of a branch of the American Bank of Texas in November 2001. The acquisition resulted in an additional \$6.9 million in deposits and other liabilities and \$6.4 million in cash and other assets; no loans were purchased. The bank was rated "Satisfactory" at its last CRA Performance Evaluation, dated August 2, 1999.

As of March 31, 2003, net loans are \$788 million or 61% of total assets. A substantial majority - \$624 million or 78% - of the bank's total loan portfolio is secured by real estate. Approximately \$259 million or 32% of total loans are primarily commercial real estate loans, \$205 million or 26% of total loans are residential loans, and \$156 million or 20% are construction loans. Together with other commercial loans of \$93 million, all commercial lending volume is \$352 million or 44% of total loans. Consumer lending volume is \$41 million or 5% of total loans. Tier 1 Capital is \$102 million or 8.16% of total assets.

WNB's primary lending product is real estate loans, with an emphasis on commercial real estate lending. Bank management's goal remains for WNB to be the primary financial institution in Montgomery County with a growing presence in the highly competitive Houston area in Harris County. Since the last performance evaluation, the bank has undertaken a significant expansion by adding 93 branches. The new branches are primarily in the Houston Metropolitan Area (34 locations) and other major Texas markets – Dallas-Fort Worth Metropolitan Areas (35 locations), and San Antonio-Austin Metropolitan Areas (8 locations). A substantial majority of the expansion has been in locations of Wal-Mart, Kroger and other retail outlets.

There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs of its assessment areas.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Conclusions regarding the Lending Test are based on HMDA and CRA loan data collected and reported for the calendar years 2000, 2001 and 2002, and on community development loans originated from August 3, 1999 and July 14, 2003. Evaluation of the small business lending performance was weighed more heavily in determining the rating for the Lending Test because this type of lending represents about 80% of reported lending activity. Residential lending activity was nominal and therefore, not a major factor in evaluating lending performance.

Conclusions regarding the Investment Test are based on qualifying community development investments and donations made between August 3, 1999 and July 14, 2003.

Conclusions regarding the Service Test are based on an evaluation of retail banking products and services and on community development services between August 3, 1999 and July 14, 2003.

Data Integrity

A data integrity review was performed as of January 14, 2003. The accuracy of HMDA and CRA loan data reported in calendar years 1999-2002 was determined by testing samples of data that were reported each year. Bank information regarding community development loans, investments, and services from the date of the last evaluation August 2, 1999 to December 31, 2002, was verified. Based on the results of the data integrity review, data reported during this period was reliable and was used in evaluating CRA performance for this Public Disclosure. Bank information for community development loans, investments and services that originated in 2003 was verified during this evaluation, and those that qualified were also considered in the bank's performance.

Selection of Areas for Full-Scope Review

The Houston Metropolitan Area (MA) was selected for a full scope review out of the 18 assessment areas. This is because of all loans and deposits in WNB's assessment areas, almost all (99.63%) loans and a large portion (96%) of deposits are in the Houston MA. In addition, 56 of 115 or 49% of all bank locations are in the Houston MA. All other assessment areas received limited-scope reviews because the volume of business from those areas is nominal. Refer to Table 1 in appendix A for more information.

Ratings

The bank's overall rating is based primarily on the Houston MA which received a full-scope review, and small business lending performance in particular, which makes up about 80% of the bank's reported loans.

Other

A community contact with a government official in Montgomery County indicated that the local economy is strong. This contact was not aware of any unmet credit needs and believed that credit was readily available. Banking products are considered adequate and easily available. The official indicated that WNB has supported local community development and revitalization efforts through donations, grants, and volunteer time. Community development opportunities are primarily in the area of the City of Houston.

There is a high level of community development opportunities in Houston. While City government, city- and federally-funded non-profit organizations, and private groups remain the primary vehicles for addressing the primary credit needs such as home ownership counseling, construction and financing of affordable homes, there has been increased participation by area financial institutions in helping to provide these services. Several areas of the City of Houston have been targeted by City government, Community Development Corporations, non-profit organizations, and other groups for community development and revitalization.

Fair Lending Review

A targeted Fair Lending examination was conducted March 31, 2002 in accordance with the OCC's risk-based Fair Lending screening process outlined in the "Fair Lending" booklet of *The Comptroller's Handbook for Compliance*. The examination included a review of the bank's home lending practices and a comparative file analysis of home improvement loan files for the period January 1, 2001 to May 31, 2002 based on race or ethnic origin. We found no evidence of illegal discrimination or other illegal credit practices.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

WNB's performance under the lending test is rated "Outstanding". Overall lending performance in the assessment area is good based on the bank's performance context and the full-scope review of the Houston Metropolitan Area (MA). Small loans to businesses are given more weight for the lending test since these loans comprise 80% of the bank's total reported loans. The volume of small loans to farms is too small to rate. During the evaluation period, WNB originated 11 loans in this category. Community development loans have a very positive impact on the bank's lending activity.

Lending Activity

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

WNB's lending volume in the assessment area is good. Almost all of the loans reported during the evaluation period originated in the full-scope assessment area. The bank's average net loans-to-deposits ratio is 64%. This ratio is lower than the bank's closest competitors and peer banks by 20 percentage points. As of June 30, 2002, WNB had a deposit market share of 1.6% and ranked 10th in the assessment area.

The loan volume during the evaluation period shows 20% of loans as home mortgage and approximately 80% as small loans to businesses. Small loans to farms comprise less than 1% of total reported loans. WNB is not a dominant lender in the market for home mortgage products. The assessment area is saturated with home mortgage lenders. Based on 2001 Peer Mortgage Data, WNB had a 0.14% market share and a ranked 99th for home purchase loans. The bank was ranked 11th with a 1.29% market share for home improvement loans. Refinance originations ranked 150th with a market share of 0.03%. Based on 2001 Peer Small Business Data, WNB was ranked 17th in small loans to businesses with a 1.03% market share. Credit card companies that provide corporate credit cards dominated the market in small loans to businesses. Small loans to farms are not a significant loan type in the assessment area for any of the lenders in the market. The top lender in the assessment area originated 59 loans in 2001. WNB originated one farm loan with a market share of 0.35% and ranked 38th.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

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

The bank's overall distribution of loans by income level of the geography is adequate. Geographic distribution of home mortgage products in the assessment area is adequate. The geographic distribution of small loans to businesses is excellent.

Home Purchase Loans:

The geographic distribution of home purchase loans is adequate. The percentage of bank loans in low-income census tracts is poor. The percentage of bank loans in moderate-income census tracts is adequate. The percentage of loans in low-income is well below the percentage of owner-occupied housing units. There are fewer opportunities to lend in low-income geographies, as the percentage of owner-occupied units is low. The percentage of bank loans in moderate-income geographies is below the percentage of owner-occupied housing units. The bank's market share in low- and moderate-income geographies is below its overall market share for home purchase loans.

Home Improvement Loans:

The geographic distribution of home improvement loans is adequate. The percentage of bank loans in low-income geographies is poor. The percentage of bank loans in moderate-income geographies is adequate. The percentage of loans in low-income geographies is well below the percentage of owner-occupied housing units. The percentage of bank loans in moderate-income geographies is below the percentage of owner-occupied housing units. The bank's market share in moderate-income geographies is below its overall market share for home improvement loans. There is no market share information for home improvement loans in low-income geographies because WNB did not originate any home improvement loans in low-income geographies in 2001.

Home Refinance Loans:

The geographic distribution of home refinance loans is adequate. The percentage of bank loans in low-income geographies is poor. The percentage of bank loans in moderate-income geographies is adequate. WNB's home refinance loans represent approximately 7% of home mortgage products. WNB did not originate any loans in low-income geographies during the evaluation period. The percentage of bank loans in moderate-income geographies is below the percentage of owner-occupied housing units. The market share in moderate-income geographies is near to the overall market share for home improvement loans. There is no market share information for home refinance loans in low-income geographies because WNB did not originate any home refinance loans in low-income geographies in 2001.

Multifamily Loans:

WNB reported a total of eight multifamily loans during the evaluation period. Of those loans, five originated in moderate-income geographies. The volume of loans is not significant to rate; however, these loans qualify as community development loans and are discussed in that section of this Performance Evaluation.

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 excellent. The percentage of bank loans in low-income geographies is adequate. The percentage of bank loans in moderate-income geographies is excellent. The bank's percentage of loans in low-income geographies is below the percentage of businesses located in low-income census tracts. There are fewer opportunities for business loans in low-income census tracts because the percentage of businesses located in these tracts is low. The percentage of loans in moderate-income geographies exceeds the percentage of businesses located in middle-income tracts. WNB's market share of small loans to businesses in low-income geographies is lower than its overall market share. The bank's market share of loans in moderate-income geographies exceeds its 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 distribution of small loans to farms is not analyzed due to the low volume of this product.

Lending Gap Analysis

There are no unexplained gaps in the bank's lending activity for home mortgage and small business lending. Although WNB's branch network has expanded from 23 full-service branches to 115 across Texas, the bank's lending activity is primarily in Harris and Montgomery Counties. Maps of the bank's assessment area show home mortgage originations for Harris County concentrated in the northern and eastern portions of the county near bank branches. In Montgomery County, home mortgage originations are primarily in the north and western portions of the county. Again, bank branches are located in these areas. Small business lending in Harris County is concentrated in northern and eastern census tracts. The Houston MA is a heavily banked area. There are numerous lenders competing for the same business. Census tracts with no loan penetration by WNB are represented by other lenders

Inside/Outside Ratio

During the evaluation period, approximately 94% of loans reported were within the combined assessment areas. Approximately 88% of home mortgage loans and 95% of small loans to businesses originated in the combined assessment areas. This performance was a positive factor in the overall analysis of the geographic distribution of lending.

Distribution of Loans by Income Level of the Borrower

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

Home Mortgage Loans

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

Home Purchase Loans:

The distribution of home purchase loans by borrower income level is good. The percentage of bank loans to low-income borrowers is poor, as it is well below the percentage of families that are low-income. However, it is more difficult for low-income applicants to qualify for home mortgage products. The percentage of bank loans to moderate-income borrowers is good. The percentage of bank loans is near to the percentage of moderate-income families. WNB's market share to low- and moderate-income borrowers is below its overall market share for home purchase loans.

Home Improvement Loans:

The distribution of home improvement loans by borrower income level is adequate. The percentage of bank loans to low-income borrowers is poor and well below the percentage of low-income families. The percentage of bank loans to moderate-income borrowers is adequate and below the percentage of moderate-income families. WNB's market share to low- and moderate-income borrowers is below its overall market share.

Home Refinance Loans:

The distribution of home refinance loans is good. The percentage of bank loans to low-income borrowers is poor and well below the percentage of low-income families. However, it is more difficult for low-income applicants to qualify for home mortgage products. Most of WNB's refinance loan activity comes from commercial customers who want to refinance their mortgages. The percentage of bank loans to moderate-income borrowers is excellent and exceeds the percentage of moderate-income families. WNB's market share to low-income borrowers exceeds the overall market share. The market share to moderate-income borrowers equals the overall market share.

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.

The borrower distribution of small loans to business is excellent. The percentage of bank loans to businesses with revenues of \$1 million or less exceeds the percentage of businesses in the assessment area that reported revenues of \$1 million or less. WNB originated more loans to businesses with revenues of \$1 million or less than all other lenders in the assessment area. Other lenders originated 41% of their loans to businesses with revenues of \$1 million or less.

Small Loans to Farms

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.

The borrower distribution of small loans to farms is not rated due to the low volume of this product.

Community Development Lending

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

WNB's level of CD lending is excellent and has a positive impact on the Lending Test conclusions. WNB made a total of 13 CD loans totaling \$19.8 million, which represents 19.5% of Tier 1 Capital as of March 31, 2003. Bank management and community contacts identified affordable housing, small business loans and technical assistance as pressing needs in the Houston MSA. WNB demonstrated an excellent level of responsiveness to affordable housing needs, financing more than \$18.3 million in construction and rehabilitation expenses associated with multi-family affordable housing properties.

In addition, the bank provided loans to further efforts to provide technical and social services, including job training for low- and moderate-income persons. For example, WNB originated a \$450 thousand loan for the construction of a community center that will provide a variety of community services targeted to low- and moderate-income individuals and families. The bank also originated a \$216 thousand loan to fund a housing, job training and job placement center for recent prison parolees, and two loans totaling \$443 thousand to a non-profit redevelopment corporation for the establishment of a day labor and education center to promote worker/contractor exchange, primarily serving the unemployable. The loan for the day labor center is consistent with the Northside (Houston) Economic Revitalization Plan to improve the area's community services for the low- and moderate-income. More than 65% of the 30,000 residents in Northside's geographies have income that is at or below the Federal Poverty Level for the Houston MA.

Product Innovation and Flexibility

The bank does not offer innovative or flexible loan products.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance in limited-scope assessment areas is inconsistent with the bank's overall performance under the Lending Test in the Houston MA. Loan volume in limited-scope areas comprises less than 1% of total reported loans. Branch offices outside the Houston MA are located in Wal-Mart stores. There is very little lending activity from these branches. A substantial majority of the loan activity is concentrated in Harris and Montgomery Counties.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the Houston AA is good. As stated previously, the Houston MA is considered a high community development opportunity area.

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

Qualifying investments are investments, deposits, membership shares or grants that have as their primary purpose community development, as defined in the CRA regulation. The bank originated 27 qualified investments totaling \$4 million, primarily equity investments during the evaluation period. Although WNB's qualifying investments are not complex or innovative, they are beneficial to the Houston MA. There was a modest amount of grants, donations, and in-kind contributions that qualified for community development purposes. The bank had no investments from prior periods. Total qualified investments represent 4.3% of WNB's Tier 1 Capital as of March 31, 2003. Examples of qualified investments made during the evaluation period are detailed below.

- The CRA Fund. WNB invested \$500 thousand in a CRA mutual fund with investments in the bank's assessment area. The CRA Fund has invested in a FNMA pool that finances apartments in a moderate-income Census Tract (CT). The apartments are governed by a land-use agreement, which requires that at least 266 or 60% of the units be leased to low-to moderate-income (LMI) tenants. Another investment of the CRA Fund is a GNMA pool financing an apartment complex in a low-income CT within the Houston Enhanced Enterprise Community. The Fund has also invested in LMI mortgages in Dallas.
- Danbury Education Authority Bonds. The bank purchased two bonds totaling \$605 thousand issued by the Danbury Education Authority on behalf of the Tejano Center for Community Concern in Houston. The Center is located in an LMI area, and operates a charter school for grades PreK - 12 for children from LMI families, and adult education classes for LMI adults.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Dallas AA is consistent with the bank's overall "High Satisfactory" performance under the investment test. In the other AAs receiving limited-scope reviews the bank's performance is not consistent with the bank's overall performance. The bank has made virtually no qualified investments in these AAs. 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

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 bank's performance under the Service Test is rated "Low Satisfactory" based on a full-scope review of WNB's performance in the Houston MA.

WNB has 56 full-service offices in the Houston MA. Since the last evaluation, the bank has added 34 branches and closed one. There are no branches in low-income tracts compared to 8.47% of the population that resides in low-income tracts. Eleven or 19.64% of the branches are in moderate-income tracts, lower than the comparable demographic of 27.89% of the population in moderate-income tracts.

The bank's record of opening and closing branches is adequate. Six or 17.65% of all new locations in the Houston MA were opened in moderate-income tracts vs the comparable demographic of 27.89%. None were opened in low-income tracts. The only branch closure occurred in a moderate-income tract but this was a location in a KMart retail store, which closed as part of that retailer's bankruptcy.

The bank offers standard loan and deposit products and services to its customers. The bank is also a SBA-Preferred Lender, which enables the bank to offer and make small business loans with a simplified application and approval process. Two services that improve customers' accessibility to their personal and business accounts are the bank's 8pm daily cutoff time and 7-day/week, 24-hours/day processing.

Products and services are reasonably accessible by all geographies in the Houston MA. The bank's branch network in neighborhood Wal-Mart stores has improved overall accessibility of bank products and services, primarily those related to deposits. Four of these locations are open 24-hours, consistent with the retail stores hours, to make products and services available when customers are present. Hours of operations of other locations are convenient and consistent with those offered in the community.

Alternative delivery systems increase the accessibility of bank products and services, particularly the bank's extensive automated teller machine (ATM) network of 196 ATMs at 134 different locations, two of which that are mobile. WNB's Online banking and automated telephone banking also make delivery systems more effective in being accessible by bank customers. The bank does not have information regarding the use of these systems by its low- and moderate-income customers; therefore, positive consideration could not be afforded these systems.

Community Development Services

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

- WNB services twenty-two residential mortgages with an outstanding balance of \$626 thousand for the Montgomery County Habitat for Humanity and does not charge a fee. This is an in-kind donation. It is of additional significance since WNB does not normally service principal and escrow payments for residential mortgages.
- The Chief Executive Officer (CEO) serves as an Advisory Director to the Independent Bankers Capital Fund, a Small Business Investment Corporation providing equity capital for small businesses in Texas. The CEO provides advice and technical expertise on fund investments. Also, the bank has purchased a share in this entity as a community development investment.
- A senior bank officer serves on the Board of Directors of the Credit Coalition/National Community Reinvestment Corporation Partnership Program and provides technical expertise. The entity provides financial information to low- and moderate-income individuals in the Houston, Texas area. Also, the bank made a community development donation to this entity.
- A senior bank officer serves on the Board of Directors and on the Finance Committee for the Tamina Water Supply & Sewer Service Corporation, a non-profit municipal utility district for a non-incorporated, low-income area out of middle-income tract in Montgomery County. Tamina was founded by former slaves after the Civil War and has about 250 homes, many without water or sewer service. To date, Federal Block Grant Funds through Montgomery County of \$850 thousand have been obtained with help of the Tamina Water Supply and Sewer Service Corporation. Other funding options will be pursued to fund the project cost estimated at approximately \$3.5 million.
- A bank executive officer was the primary organizer of a banking group supporting the revitalization of downtown Conroe, which was a complex effort. The only low-income geography in Montgomery County is in this area. There has been a recent trend to abandon the downtown Conroe area that this group has been trying to reverse. The group raised and allocated funds to attract businesses seeking to locate to this distressed area. Also, the bank has made a community development donation to this entity.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service test in the Austin, Beaumont, Dallas, Galveston, Longview, San Antonio, and Texarkana metropolitan areas and the non-MSA areas performance is not inconsistent with the bank's overall "Low Satisfactory" performance under the Service Test. In the Amarillo and Brazoria metropolitan areas, performance is stronger than the bank's overall performance because the percentage of bank locations in moderate-income CTs substantially exceeds the comparable demographics. In the Fort Worth-Arlington and Sherman-Denison metropolitan areas, performance is weaker

than the bank's overall performance because the bank has no locations in either low- or moderate-income census tracts compared to the representations of the population that are low- or moderate-income and considering the number of branches in those areas. None of these conclusions regarding the bank's performance in limited-scope areas had an impact on the overall conclusions for the Service Test. Refer to Table 15 in appendix C for the facts and data that support these conclusions.

All locations outside of the Houston AA are in-store locations and pursuant to and largely dependent upon agreements with Wal-Mart, Kroger, and other retail stores, and these retailers' decisions of where to open and close their stores.

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): (01/01/00 to 12/31/02) Investment and Service Tests and CD Loans: (08/03/99 to 07/14/03)	
Financial Institution	Products Reviewed	
Woodforest National Bank (WNB) Houston, Texas	HMDA, CRA, Community Development Loans, Community Development Investments	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>None</i>	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Houston, TX MA #3360	“Full-Scope”	
Amarillo, TX MA #0320	“Limited-Scope”	
Austin, TX MA #0640	“Limited-Scope”	
Beaumont, TX MA #0840	“Limited-Scope”	
Brazoria, TX MA #1145	“Limited-Scope”	
Dallas, TX MA #1920	“Limited-Scope”	
Ft. Worth-Arlington, TX #2800	“Limited-Scope”	
Galveston, TX MA #2920	“Limited-Scope”	
Longview, TX MA #4420	“Limited-Scope”	
San Antonio, TX MA #7240	“Limited-Scope”	
Sherman-Denison, TX MA #7640	“Limited-Scope”	
Texarkana, TX MA #8360	“Limited-Scope”	
Combined under name of Woodforest NB Non-MA Counties: Cass County, TX Howard County, TX Limestone County, TX Rusk County, TX Titus County, TX Van Zandt County, TX	“Limited-Scope” “Limited-Scope” “Limited-Scope” “Limited-Scope” “Limited-Scope”	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Houston Metropolitan Area	B-2
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Houston Metropolitan Area

Demographic Information for Full-Scope Area: Houston Metropolitan Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	637	11.77	29.83	29.83	26.37	2.20
Population by Geography	3,084,725	8.47	27.89	32.65	30.99	0.00
Owner-Occupied Housing by Geography	599,756	5.25	22.16	32.84	39.76	0.00
Businesses by Geography	266,125	5.57	23.90	30.26	40.01	0.24
Farms by Geography	3,788	3.33	19.32	37.83	39.49	0.03
Family Distribution by Income Level	781,494	22.69	16.65	20.19	40.47	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	307,469	14.99	40.23	31.12	13.66	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$36,886 = \$59,600 =13.44%	Median Housing Value Unemployment Rate				= \$75,442 = 3.56%

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

Source: 1990 U.S. Census, and 2002 HUD updated MFI.

Woodforest National Bank (WNB) has eighteen assessment areas, all in the state of Texas. Twelve of the assessment areas are in MA's and six are in non-MA's. WNB has only one full-scope assessment area – the Houston Metropolitan Area (Houston MA).

The Houston MA includes the entire counties of Montgomery and Harris, and the census tracts clustered around branches in Fort Bend and Liberty Counties. These two census tract clusters are contiguous to Harris County to the south (Fort Bend) and the northeast (Liberty). Harris is the most populated county in the MA, and contains the City of Houston. Montgomery County is located to the north of, and contiguous to, Harris County. Two other counties are included in the MA, but are not part of the bank's assessment area. The bank has no branches and does virtually no business in these other counties. The defined assessment area complies with the requirements of the CRA.

Major competitors in the Houston MA are Southwest Bank of Texas, Sterling Bank, Klein Bank and Compass Bank. Others include branches of multinational banks such as Bank of America, Wells Fargo Bank, Bank One and Chase Bank as well those of other commercial banks, savings banks, and credit unions.

Houston is the largest city in Texas and fourth largest in the nation, the Houston MA is among the ten largest and the city is a major corporate center. In 2001, 22 of the Fortune 500 companies were based in Houston, second only to New York, which has 40. The local economy is historically based upon petrochemical and shipping endeavors, and those continue to be extremely important, but the technology, medical-related, and education sectors are also

very prominent. The Houston economy is currently strong and the area continues to grow rapidly, particularly in the real estate area. Unemployment is 5.7% in Harris County as of December 31, 2002.

Montgomery County includes a popular community known as The Woodlands, which continues to experience significant growth. Every major bank in the Houston market is represented in this county, and competition is very active, particularly for loans. Unemployment in Montgomery County is a low 4.5% as of December 31, 2002. The Houston MA's unemployment rate is 5.9% as of December 31, 2002.

The population of Harris County increased 20.7% from 1990 to 2000, and the population of Montgomery County surged 61.2%, the sixth largest gain in the state, compared to the state rate of 22.8% and well above the national average of 13.2%. In terms of deposit market share, WNB leads all institutions in the Montgomery County market with 20.9% of deposits, and is 12th in Harris County with .92% of deposits.

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: 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 is 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 is 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 – Other Products and Table 13 – Consumer Loans are not included in this Evaluation.

Table 1. Lending Volume

LENDING VOLUME		Geography: TEXAS				Evaluation Period: JANUARY 2, 2000 TO DECEMBER 31, 2002						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Houston, TX MA	99.63	750	67,673	3,012	263,907	11	352	13	19,845	3,786	351,777	96.40
Limited Review:												
Amarillo, TX MA	0.00	0	0	0	0	0	0	0	0	0	0	0.14
Austin, TX MA	0.00	0	0	0	0	0	0	0	0	0	0	0.05
Beaumont, TX MA	0.00	0	0	0	0	0	0	0	0	0	0	0.06
Brazoria, TX MA	0.08	1	6	2	190	0	0	0	0	3	196	0.12
Dallas, TX MA	0.05	0	0	2	331	0	0	0	0	2	331	1.48
Fort Worth-Arlington, TX MA	0.05	1	26	1	188	0	0	0	0	2	214	0.65
Galveston, TX MA	0.11	2	319	2	38	0	0	0	0	4	357	0.28
Longview, TX MA	0.03	1	300	0	0	0	0	0	0	1	300	0.06
San Antonio, TX MA	0.05	0	0	2	46	0	0	0	0	2	46	0.43
Sherman-Denison, TX MA	0.00	0	0	0	0	0	0	0	0	0	0	0.05
Texarkana MA	0.00	0	0	0	0	0	0	0	0	0	0	0.04
Woodforest NB Non-MA Counties	0.00	0	0	0	0	0	0	0	0	0	0	0.25

* 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 2, 1999 to July 14, 2003.

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

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: TEXAS				Evaluation Period: JANUARY 2, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Houston, TX MA	365	99.18	5.25	0.55	22.16	10.14	32.84	44.11	39.76	45.21	0.14	0.06	0.10	0.18	0.12	
Limited Review:																
Amarillo, TX MA	0	0.00	0.00	0.00	13.69	0.00	19.96	0.00	66.35	0.00	0.00	0.00	0.00	0.00	0.00	
Austin, TX MA	0	0.00	0.00	0.00	19.54	0.00	55.73	0.00	24.73	0.00	0.00	0.00	0.00	0.00	0.00	
Beaumont, TX MA	0	0.00	0.00	0.00	0.00	0.00	42.08	0.00	57.92	0.00	0.00	0.00	0.00	0.00	0.00	
Brazoria, TX MA	0	0.00	0.00	0.00	19.21	0.00	80.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Dallas, TX MA	0	0.00	0.00	0.00	7.08	0.00	27.26	0.00	65.66	0.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth-Arlington, TX MA	0	0.00	1.56	0.00	6.62	0.00	45.47	0.00	46.35	0.00	0.00	0.00	0.00	0.00	0.00	
Galveston, TX MA	2	0.54	0.00	0.00	24.21	50.00	41.99	0.00	33.80	50.00	0.09	0.00	0.62	0.00	0.08	
Longview, TX MA	1	0.27	0.00	0.00	32.82	100.00	67.18	0.00	0.00	0.00	0.27	0.00	1.27	0.00	0.00	
San Antonio, TX MA	0	0.00	1.13	0.00	5.37	0.00	32.99	0.00	60.51	0.00	0.00	0.00	0.00	0.00	0.00	
Sherman-Denison, TX MA	0	0.00	0.00	0.00	40.75	0.00	13.87	0.00	45.38	0.00	0.00	0.00	0.00	0.00	0.00	
Texarkana MA	0	0.00	6.51	0.00	10.68	0.00	60.37	0.00	22.45	0.00	0.00	0.00	0.00	0.00	0.00	
Woodforest NB Non-MA Counties	0	0.00	2.14	0.00	8.09	0.00	65.22	0.00	24.55	0.00	0.00	0.00	0.00	0.00	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 2, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans						
Full Review:																
Houston, TX MA	323	99.38	5.25	0.31	22.16	15.79	32.84	45.51	39.76	38.39	1.29	0.00	1.14	1.81	1.12	
Limited Review:																
Amarillo, TX MA	0	0.00	0.00	0.00	13.69	0.00	19.96	0.00	66.35	0.00	0.00	0.00	0.00	0.00	0.00	
Austin, TX MA	0	0.00	0.00	0.00	19.54	0.00	55.73	0.00	24.73	0.00	0.00	0.00	0.00	0.00	0.00	
Beaumont, TX MA	0	0.00	0.00	0.00	0.00	0.00	42.08	0.00	57.92	0.00	0.00	0.00	0.00	0.00	0.00	
Brazoria, TX MA	1	0.31	0.00	0.00	19.21	0.00	80.79	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Dallas, TX MA	0	0.00	0.00	0.00	7.08	0.00	27.26	0.00	65.66	0.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth-Arlington, TX MA	1	0.31	1.56	0.00	6.62	0.00	45.47	0.00	46.35	100.00	0.00	0.00	0.00	0.00	0.00	
Galveston, TX MA	0	0.00	0.00	0.00	24.21	0.00	41.99	0.00	33.80	0.00	0.00	0.00	0.00	0.00	0.00	
Longview, TX MA	0	0.00	0.00	0.00	32.82	0.00	67.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
San Antonio, TX MA	0	0.00	1.13	0.00	5.37	0.00	32.99	0.00	60.51	0.00	0.00	0.00	0.00	0.00	0.00	
Sherman-Denison, TX MA	0	0.00	0.00	0.00	40.75	0.00	13.87	0.00	45.38	0.00	0.00	0.00	0.00	0.00	0.00	
Texarkana MA	0	0.00	6.51	0.00	10.68	0.00	60.37	0.00	22.45	0.00	0.00	0.00	0.00	0.00	0.00	
Woodforest NB Non-MA Counties	0	0.00	2.14	0.00	8.09	0.00	65.22	0.00	24.55	0.00	0.00	0.00	0.00	0.00	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 2, 2000 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***	% BANK Loans	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	Over all	Low	Mod	Mid	Upp					
Full Review:																				
Houston, TX MA	54	100.00	5.25	0.00	22.16	12.96	32.84	44.44	39.76	42.59	0.03	0.00	0.02	0.05	0.02					
Limited Review:																				
Amarillo, TX MA	0	0.00	0.00	0.00	13.69	0.00	19.96	0.00	66.35	0.00	0.00	0.00	0.00	0.00	0.00					
Austin, TX MA	0	0.00	0.00	0.00	19.54	0.00	55.73	0.00	24.73	0.00	0.00	0.00	0.00	0.00	0.00					
Beaumont, TX MA	0	0.00	0.00	0.00	0.00	0.00	42.08	0.00	57.92	0.00	0.00	0.00	0.00	0.00	0.00					
Brazoria, TX MA	0	0.00	0.00	0.00	19.21	0.00	80.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
Dallas, TX MA	0	0.00	0.00	0.00	7.08	0.00	27.26	0.00	65.66	0.00	0.00	0.00	0.00	0.00	0.00					
Fort Worth-Arlington, TX MA	0	0.00	1.56	0.00	6.62	0.00	45.47	0.00	46.35	0.00	0.00	0.00	0.00	0.00	0.00					
Galveston, TX MA	0	0.00	0.00	0.00	24.21	0.00	41.99	0.00	33.80	0.00	0.00	0.00	0.00	0.00	0.00					
Longview, TX MA	0	0.00	0.00	0.00	32.82	0.00	67.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
San Antonio, TX MA	0	0.00	1.13	0.00	5.37	0.00	32.99	0.00	60.51	0.00	0.00	0.00	0.00	0.00	0.00					
Sherman-Denison, TX MA	0	0.00	0.00	0.00	40.75	0.00	13.87	0.00	45.38	0.00	0.00	0.00	0.00	0.00	0.00					
Texarkana MA	0	0.00	6.51	0.00	10.68	0.00	60.37	0.00	22.45	0.00	0.00	0.00	0.00	0.00	0.00					
Woodforest NB Non-MA Counties	0	0.00	2.14	0.00	8.09	0.00	65.22	0.00	24.55	0.00	0.00	0.00	0.00	0.00	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 2, 2000 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						
Full Review:																
Houston, TX MA	8	100.00	10.02	0.00	34.05	62.50	32.20	37.50	23.72	0.00	2.24	0.00	4.21	1.59	0.00	
Limited Review:																
Amarillo, TX MA	0	0.00	0.00	0.00	3.12	0.00	0.00	0.00	96.88	0.00	0.00	0.00	0.00	0.00	0.00	
Austin, TX MA	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	
Beaumont, TX MA	0	0.00	0.00	0.00	0.00	0.00	20.68	0.00	79.32	0.00	0.00	0.00	0.00	0.00	0.00	
Brazoria, TX MA	0	0.00	0.00	0.00	6.57	0.00	93.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Dallas, TX MA	0	0.00	0.13	0.00	11.00	0.00	38.11	0.00	50.75	0.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth-Arlington, TX MA	0	0.00	4.16	0.00	10.10	0.00	65.81	0.00	19.93	0.00	0.00	0.00	0.00	0.00	0.00	
Galveston, TX MA	0	0.00	0.00	0.00	23.19	0.00	48.02	0.00	28.79	0.00	0.00	0.00	0.00	0.00	0.00	
Longview, TX MA	0	0.00	0.00	0.00	47.34	0.00	52.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
San Antonio, TX MA	0	0.00	0.42	0.00	5.12	0.00	55.63	0.00	38.83	0.00	0.00	0.00	0.00	0.00	0.00	
Sherman-Denison, TX MA	0	0.00	0.00	0.00	68.97	0.00	2.95	0.00	28.08	0.00	0.00	0.00	0.00	0.00	0.00	
Texarkana MA	0	0.00	15.31	0.00	6.43	0.00	44.04	0.00	34.22	0.00	0.00	0.00	0.00	0.00	0.00	
Woodforest NB Non-MA Counties	0	0.00	3.51	0.00	7.16	0.00	65.69	0.00	23.65	0.00	0.00	0.00	0.00	0.00	0.00	

* 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 2, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*							
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																		
Houston, TX MA	3,012	99.70	5.57	2.69	23.90	24.13	30.26	44.33	40.01	28.85	1.03	0.66	1.15	1.28	0.90			
Limited Review:																		
Amarillo, TX MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Austin, TX MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Beaumont, TX MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Brazoria, TX MA	2	0.07	0.00	0.00	19.92	50.00	80.08	50.00	0.00	0.00	0.08	0.00	0.00	0.00	0.04	0.42		
Dallas, TX MA	2	0.07	0.00	0.00	10.70	0.00	28.20	50.00	61.10	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth-Arlington, TX MA	1	0.03	2.68	0.00	9.15	0.00	42.38	0.00	45.79	100.00	0.01	0.00	0.01	0.00	0.01	0.01		
Galveston, TX MA	2	0.07	0.00	0.00	13.94	50.00	44.23	0.00	41.84	50.00	0.20	0.00	0.00	0.14	0.42			
Longview, TX MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
San Antonio, TX MA	2	0.07	0.42	0.00	7.83	0.00	30.44	50.00	61.31	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Sherman-Denison, TX MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Texarkana MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Woodforest NB Non-MA Counties	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	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 2, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
Full Review:																
Houston, TX MA	11	100.00	3.33	0.00	19.32	9.09	37.83	63.64	39.49	27.27	0.35	0.00	0.00	0.67	0.00	
Limited Review:																
Amarillo, TX MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Austin, TX MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Beaumont, TX MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Brazoria, TX MA	0	0.00	0.00	0.00	17.44	0.00	82.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Dallas, TX MA	0	0.00	0.00	0.00	15.50	0.00	25.57	0.00	58.93	0.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth-Arlington, TX MA	0	0.00	1.66	0.00	9.14	0.00	45.18	0.00	44.02	0.00	0.00	0.00	0.00	0.00	0.00	
Galveston, TX MA	0	0.00	0.00	0.00	7.46	0.00	61.19	0.00	31.34	0.00	0.00	0.00	0.00	0.00	0.00	
Longview, TX MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
San Antonio, TX MA	0	0.00	0.82	0.00	5.36	0.00	42.47	0.00	51.34	0.00	0.00	0.00	0.00	0.00	0.00	
Sherman-Denison, TX MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Texarkana MA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Woodforest NB Non-MA Counties	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	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 2, 2000 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		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK****	% Families**	% BANK****	% Families*	% BANK****	% Families*	% BANK****						
Full Review:																
Houston, TX MA	365	99.18	22.69	7.27	16.65	15.41	20.19	24.13	40.47	53.20	0.16	0.14	0.13	0.20	0.16	
Limited Review:																
Amarillo, TX MA	0	0.00	12.95	0.00	13.40	0.00	21.30	0.00	52.35	0.00	0.00	0.00	0.00	0.00	0.00	
Austin, TX MA	0	0.00	18.96	0.00	17.64	0.00	24.56	0.00	38.84	0.00	0.00	0.00	0.00	0.00	0.00	
Beaumont, TX MA	0	0.00	12.07	0.00	14.81	0.00	18.88	0.00	54.24	0.00	0.00	0.00	0.00	0.00	0.00	
Brazoria, TX MA	0	0.00	19.78	0.00	19.64	0.00	25.73	0.00	34.84	0.00	0.00	0.00	0.00	0.00	0.00	
Dallas, TX MA	0	0.00	10.09	0.00	13.32	0.00	21.63	0.00	54.96	0.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth-Arlington, TX MA	0	0.00	13.14	0.00	15.88	0.00	25.22	0.00	45.77	0.00	0.00	0.00	0.00	0.00	0.00	
Galveston, TX MA	2	0.54	20.82	0.00	17.22	0.00	19.69	0.00	42.27	100.00	0.11	0.00	0.00	0.00	0.19	
Longview, TX MA	1	0.27	29.58	0.00	18.08	0.00	20.91	0.00	31.43	100.00	0.35	0.00	0.00	0.00	0.89	
San Antonio, TX MA	0	0.00	12.27	0.00	12.75	0.00	20.37	0.00	54.60	0.00	0.00	0.00	0.00	0.00	0.00	
Sherman-Denison, TX MA	0	0.00	20.24	0.00	19.87	0.00	23.89	0.00	36.00	0.00	0.00	0.00	0.00	0.00	0.00	
Texarkana MA	0	0.00	22.82	0.00	17.36	0.00	19.83	0.00	39.99	0.00	0.00	0.00	0.00	0.00	0.00	
Woodforest NB Non-MA Counties	0	0.00	22.75	0.00	15.65	0.00	19.87	0.00	41.72	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2001 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 5.71% of loans originated and purchased by the 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: JANAURY 2, 2000 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****						
Full Review:																
Houston, TX MA	323	99.38	22.69	6.88	16.65	12.50	20.19	22.50	40.47	58.13	1.32	1.20	1.28	1.29	1.37	
Limited Review:																
Amarillo, TX MA	0	0.00	12.95	0.00	13.40	0.00	21.30	0.00	52.35	0.00	0.00	0.00	0.00	0.00	0.00	
Austin, TX MA	0	0.00	18.96	0.00	17.64	0.00	24.56	0.00	38.84	0.00	0.00	0.00	0.00	0.00	0.00	
Beaumont, TX MA	0	0.00	12.07	0.00	14.81	0.00	18.88	0.00	54.24	0.00	0.00	0.00	0.00	0.00	0.00	
Brazoria, TX MA	1	0.31	19.78	0.00	19.64	0.00	25.73	0.00	34.84	100.00	0.00	0.00	0.00	0.00	0.00	
Dallas, TX MA	0	0.00	10.09	0.00	13.32	0.00	21.63	0.00	54.96	0.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth-Arlington, TX MA	1	0.31	13.14	0.00	15.88	0.00	25.22	0.00	45.77	100.00	0.00	0.00	0.00	0.00	0.00	
Galveston, TX MA	0	0.00	20.82	0.00	17.22	0.00	19.69	0.00	42.27	0.00	0.00	0.00	0.00	0.00	0.00	
Longview, TX MA	0	0.00	29.58	0.00	18.08	0.00	20.91	0.00	31.43	0.00	0.00	0.00	0.00	0.00	0.00	
San Antonio, TX MA	0	0.00	12.27	0.00	12.75	0.00	20.37	0.00	54.60	0.00	0.00	0.00	0.00	0.00	0.00	
Sherman-Denison, TX MA	0	0.00	20.24	0.00	19.87	0.00	23.89	0.00	36.00	0.00	0.00	0.00	0.00	0.00	0.00	
Texarkana MA	0	0.00	22.82	0.00	17.36	0.00	19.83	0.00	39.99	0.00	0.00	0.00	0.00	0.00	0.00	
Woodforest NB Non-MA Counties	0	0.00	22.75	0.00	15.65	0.00	19.87	0.00	41.72	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2001 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 0.92% of loans originated and purchased by the 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 2, 2000 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	
Full Review:																
Houston, TX MA	54	100.00	22.69	1.89	16.65	16.98	20.19	20.75	40.47	60.38	0.03	0.04	0.03	0.03	0.04	
Limited Review:																
Amarillo, TX MA	0	0.00	12.95	0.00	13.40	0.00	21.30	0.00	52.35	0.00	0.00	0.00	0.00	0.00	0.00	
Austin, TX MA	0	0.00	18.96	0.00	17.64	0.00	24.56	0.00	38.84	0.00	0.00	0.00	0.00	0.00	0.00	
Beaumont, TX MA	0	0.00	12.07	0.00	14.81	0.00	18.88	0.00	54.24	0.00	0.00	0.00	0.00	0.00	0.00	
Brazoria, TX MA	0	0.00	19.78	0.00	19.64	0.00	25.73	0.00	34.84	0.00	0.00	0.00	0.00	0.00	0.00	
Dallas, TX MA	0	0.00	10.09	0.00	13.32	0.00	21.63	0.00	54.96	0.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth-Arlington, TX MA	0	0.00	13.14	0.00	15.88	0.00	25.22	0.00	45.77	0.00	0.00	0.00	0.00	0.00	0.00	
Galveston, TX MA	0	0.00	20.82	0.00	17.22	0.00	19.69	0.00	42.27	0.00	0.00	0.00	0.00	0.00	0.00	
Longview, TX MA	0	0.00	29.58	0.00	18.08	0.00	20.91	0.00	31.43	0.00	0.00	0.00	0.00	0.00	0.00	
San Antonio, TX MA	0	0.00	12.27	0.00	12.75	0.00	20.37	0.00	54.60	0.00	0.00	0.00	0.00	0.00	0.00	
Sherman-Denison, TX MA	0	0.00	20.24	0.00	19.87	0.00	23.89	0.00	36.00	0.00	0.00	0.00	0.00	0.00	0.00	
Texarkana MA	0	0.00	22.82	0.00	17.36	0.00	19.83	0.00	39.99	0.00	0.00	0.00	0.00	0.00	0.00	
Woodforest NB Non-MA Counties	0	0.00	22.75	0.00	15.65	0.00	19.87	0.00	41.72	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2001 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 1.85% of loans originated and purchased by the bank.

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

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: TEXAS		Evaluation Period: JANUARY 2, 2000 TO DECEMBER 31, 2002			
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
Houston, TX MA	3,012	99.70	66.77	71.51	79.02	12.48	8.50	1.03	1.63
Limited Review:									
Amarillo, TX MA	0	0.00	76.83	0.00	0.00	0.00	0.00	0.00	0.00
Austin, TX MA	0	0.00	71.48	0.00	0.00	0.00	0.00	0.00	0.00
Beaumont, TX MA	0	0.00	71.34	0.00	0.00	0.00	0.00	0.12	0.07
Brazoria, TX MA	2	0.07	72.21	50.00	50.00	50.00	0.00	0.08	0.14
Dallas, TX MA	2	0.07	66.34	100.00	50.00	0.00	50.00	0.00	0.00
Fort Worth-Arlington, TX MA	1	0.03	69.33	100.00	0.00	100.00	0.00	0.01	0.01
Galveston, TX MA	2	0.07	72.36	100.00	100.00	0.00	0.00	0.20	0.17
Longview, TX MA	0	0.00	76.57	0.00	0.00	0.00	0.00	0.00	0.00
San Antonio, TX MA	2	0.07	70.14	100.00	100.00	0.00	0.00	0.00	0.00
Sherman-Denison, TX MA	0	0.00	78.94	0.00	0.00	0.00	0.00	0.00	0.00
Texarkana MA	0	0.00	76.00	0.00	0.00	0.00	0.00	0.00	0.00
Woodforest NB Non-MA Counties	0	0.00	76.48	0.00	0.00	0.00	0.00	0.00	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.

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

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 5.16% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS					Geography: TEXAS			Evaluation Period: JANUARY 2, 2000 TO DECEMBER 31, 2002	
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
Houston, TX MA	11	100.00	91.68	100.00	100.00	0.00	0.00	0.35	0.44
Limited Review:									
Amarillo, TX MA	0	0.00	95.60	0.00	0.00	0.00	0.00	0.00	0.00
Austin, TX MA	0	0.00	93.55	0.00	0.00	0.00	0.00	0.00	0.00
Beaumont, TX MA	0	0.00	94.74	0.00	0.00	0.00	0.00	0.00	0.00
Brazoria, TX MA	0	0.00	96.51	0.00	0.00	0.00	0.00	0.00	0.00
Dallas, TX MA	0	0.00	91.98	0.00	0.00	0.00	0.00	0.00	0.00
Fort Worth-Arlington, TX MA	0	0.00	91.86	0.00	0.00	0.00	0.00	0.00	0.00
Galveston, TX MA	0	0.00	89.55	0.00	0.00	0.00	0.00	0.00	0.00
Longview, TX MA	0	0.00	86.67	0.00	0.00	0.00	0.00	0.00	0.00
San Antonio, TX MA	0	0.00	92.78	0.00	0.00	0.00	0.00	0.00	0.00
Sherman-Denison, TX MA	0	0.00	91.89	0.00	0.00	0.00	0.00	0.00	0.00
Texarkana MA	0	0.00	96.00	0.00	0.00	0.00	0.00	0.00	0.00
Woodforest NB Non-MA Counties	0	0.00	94.70	0.00	0.00	0.00	0.00	0.00	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.

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

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: TEXAS				Evaluation Period: AUGUST 2, 1999 TO JULY 14, 2003			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Houston, TX MA	0	0	27	3,989	27	3,989	91.07	0	0
Limited Review:									
Amarillo, TX MA	0	0	0	0	0	0	0.00	0	0
Austin, TX MA	0	0	0	0	0	0	0.00	0	0
Beaumont, TX MA	0	0	0	0	0	0	0.00	0	0
Brazoria, TX MA	0	0	0	0	0	0	0.00	0	0
Dallas, TX MA	0	0	2	338	2	338	7.72	0	0
Fort Worth-Arlington, TX MA	0	0	1	38	1	38	0.87	0	0
Galveston, TX MA	0	0	0	0	0	0	0.00	0	0
Longview, TX MA	0	0	0	0	0	0	0.00	0	0
San Antonio, TX MA	0	0	0	0	0	0	0.00	0	0
Sherman-Denison, TX MA	0	0	0	0	0	0	0.00	0	0
Texarkana MA	0	0	0	0	0	0	0.00	0	0
Woodforest NB Non-MA Counties	0	0	1	15	1	15	0.34	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: AUGUST 2, 1999 TO JULY 14, 2003																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Houston, TX MA*	96.40	56	49	0.00	19.64	37.50	42.86	34	1	0	5	10	18	8.47	27.89	32.65	30.99
Limited Review:																	
Amarillo, TX MA	0.14	2	2	0.00	50.00	0.00	50.00	2	0	0	1	0	1	0.00	16.56	17.75	65.69
Austin, TX MA	0.05	2	2	0.00	0.00	100.00	0.00	2	0	0	0	2	0	0.00	19.77	56.95	23.28
Beaumont, TX MA	0.06	1	1	0.00	0.00	0.00	100.00	1	0	0	0	0	1	0.00	0.00	41.29	58.71
Brazoria, TX MA	0.12	2	2	0.00	50.00	50.00	0.00	2	0	0	1	1	0	0.00	25.16	74.84	0.00
Dallas, TX MA*	1.48	22	19	0.00	4.55	40.91	54.55	22	0	0	1	9	12	0.02	8.56	30.32	61.10
Fort Worth-Arlington, TX MA	0.65	13	11	0.00	0.00	53.85	46.15	13	0	0	0	7	6	1.76	7.58	49.98	40.69
Galveston, TX MA	0.28	1	1	0.00	0.00	0.00	100.00	1	0	0	0	0	1	0.00	23.11	46.72	30.17
Longview, TX MA	0.06	1	1	0.00	0.00	100.00	0.00	1	0	0	0	1	0	0.00	40.14	59.86	0.00
San Antonio, TX MA	0.43	6	5	0.00	0.00	33.33	66.67	6	0	0	0	2	4	1.18	6.85	34.74	57.24
Sherman-Denison, TX MA	0.05	2	2	0.00	0.00	0.00	100.00	2	0	0	0	0	2	0.00	42.53	14.94	42.53
Texarkana MA	0.04	1	1	0.00	0.00	100.00	0.00	1	0	0	0	1	0	9.54	12.29	56.49	21.69
Woodforest NB Non-MA Counties	0.25	6	5	0.00	0.00	50.00	50.00	6	0	0	0	3	3	2.83	8.97	63.99	24.21

- Includes branches (two in the Houston MA and three in the Dallas MA) opened during the evaluation period in 2003 and geocoded based on 2000 Census information.