



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

August 19, 2009

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First National Bank  
Charter Number: 14124

100 W. Cano  
Edinburg, TX 78540

Office of the Comptroller of the Currency

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San Antonio, TX 78216-4133

**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 Outstanding.

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

Performance Levels	First National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	x	x	
High Satisfactory			x
Low Satisfactory			
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 activity reflects excellent responsiveness to credit needs in the bank’s assessment areas.
- The geographic distribution of loans is excellent.
- The distribution of loans to borrowers of different income levels is excellent.
- Community development lending had a positive impact on the Lending Test performance.
- The level of community development investments is excellent.
- Retail service delivery systems are accessible to geographies, businesses, and individuals of different income levels throughout the assessment areas of the bank.
- The bank provides a good level of community development services.

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

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

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

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

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

**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 (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any Metropolitan Statistical Area or Metropolitan Division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by the Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

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

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

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

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

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

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

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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

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

## Description of Institution

First National Bank (FNB) is an intrastate bank headquartered in Edinburg, Texas. FNB operates 64 full service branches in the largest metropolitan areas along the Texas-Mexico border and north of this border. Along the international border, branches are located in El Paso, Del Rio, Eagle Pass, Laredo, Rio Grande City and in most cities that make up the Rio Grande Valley. Major cities in the Rio Grande Valley include McAllen, Edinburg, Mission, Harlingen, and Brownsville. North of the border, FNB branches are in the metropolitan areas in or around Austin, Corpus Christi, Dallas, Fort Worth, Houston, and San Antonio.

FNB is a wholly-owned subsidiary of First National Bank Group, Inc., a one-bank holding company based in Edinburg, Texas. The bank owns First National Group Community Development Corporation (CDC) based in Edinburg, Texas, which was formed July 30, 1999.

At June 30, 2009, the bank had \$3.8 billion in total assets. Net loans of \$2.8 billion represent 74 percent of total assets. Major components of the bank's loan portfolio include commercial real estate loans (44 percent), residential real estate (17 percent), construction and development loans (14 percent), commercial and industrial loans (12 percent), consumer loans (4 percent), and other loans including agricultural loans (9 percent). Tier 1 capital totaled \$324 million and represented 8.15 percent of average assets.

FNB offers a full range of financial products and services with particular emphasis on loans for commercial purposes, residential development, and consumer purposes.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its AAs. The bank's rating at its last CRA examination, dated September 18, 2006, was "Outstanding".

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment and Service Tests. To evaluate the bank's lending performance, we reviewed residential mortgage loans subject to filing under the HMDA, small loans to businesses subject to filing under the CRA, and community development (CD) loans. The Investment Test included a review of investments, grants, and donations made in the bank's AAs 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 AAs.

The evaluation period for the Lending Test, except for community development loans, covered January 1, 2006 through December 31, 2008. For community development loans, the Investment Test, and the Service Test, the evaluation period covered September 18, 2006, the date of the last CRA evaluation, through August 17, 2009. We based our conclusions related to community development loans and qualified investments on the number and dollar amounts made during the evaluation period. We also considered the level of innovation, complexity, responsiveness to community credit needs, and the degree to which private investors do not provide these instruments.

### Data Integrity

In March 2009, OCC personnel verified the accuracy of data made available to the public in accordance with HMDA and CRA loan data reporting requirements. Public data includes home mortgage lending and small loans to businesses and farms. During the CRA examination, OCC personnel reviewed non-public data that FNB management submitted for CD loans, CD investments, and CD services to ensure that they met the regulatory definition for community development. Because of the lack of adequate supporting information, no CD loans for 2006 were reviewed.

### Selection of Areas for Full-Scope Review

During this evaluation, we performed full-scope reviews for three of the bank's thirteen assessment areas (AAs). We selected AAs where the bank has a substantial share of its deposit and loan business. We conducted full-scope reviews for the Harlingen, Houston, and McAllen AAs. Combined, these areas represent 56 percent of the locations, 65 percent of the deposits, and 77 percent of the number of loans, and 72 percent of dollar loan volume.

We conducted limited scope reviews in the remaining AAs: Austin AA, Corpus Christi AA, Dallas AA, Del Rio AA, Eagle Pass AA, El Paso AA, Fort Worth AA, Laredo AA, San Antonio AA, and Starr County AA.

Please refer to Appendix A for more information.

## Ratings

FNB's overall rating is based primarily on the areas that received full-scope reviews with performance in the McAllen AA receiving the most weight in the overall analysis because the largest percentage of the bank's business (41 percent of total deposits, 50 percent of total number of loans, and 42 percent of total loan dollars) is located in this AA. Lending performance in home purchase loans received the most weight in determining the overall Lending Test rating, followed by small business lending. Analyses of lending for home improvement, home refinance, and small farm purposes were not meaningful because of the low volumes of these types of lending; therefore, they received less weight in determining the overall Lending Test rating.

## Other

Community credit needs in the AAs were determined by reviewing recent housing and demographic information and community contacts conducted by the OCC in connection with other CRA examinations of banks operating in the same AAs.

For this examination, we met with a community development corporation and an affordable housing entity to determine credit needs and opportunities for financial institutions to meet those needs. We also reviewed summaries of community contact interviews conducted in the full-scope review of AAs during the evaluation period. The contacts included community development corporations and affordable housing organizations. The contacts indicated a somewhat high level of community development opportunities in the full-scope AAs for banks to help meet community credit needs.

The community contacts identified primary needs as affordable housing loans, small business loans, and loans for recovery from a federally designated disaster (Hurricane Ike). The comments received were positive and indicated that the current economic problems in housing and commercial lending have affected the willingness and ability of some financial institutions in general to meet credit needs in the full-scope AAs.

## **Fair Lending or Other Illegal Credit Practices Review**

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

## 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 "**Outstanding**".

- ▶ Overall lending performance in the Harlingen AA is excellent.
- ▶ Overall lending performance in the Houston AA is excellent.
- ▶ Overall lending performance in the McAllen AA is excellent.

These conclusions are based on the bank's performance context and the full-scope review of the specific AAs noted above. Residential mortgage lending and small business lending were the primary products reviewed to evaluate CRA performance, with somewhat more consideration given to residential lending. Review of these two major lending products had the most impact on the final rating. Other factors having a positive impact on the rating included the origination of a significant majority of loans in the AAs and the level of community development loans originated.

#### Lending Activity

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

FNB's responsiveness to credit needs in its AAs during the evaluation period is excellent. Identified credit needs include home mortgage products for affordable housing and loans to small businesses. In the AAs, home mortgage loans comprised 58 percent of originated loans, and loans to small businesses were 37 percent. Community development lending was excellent, particularly those benefiting low- and moderate-income borrowers, and had a positive effect on the Lending Test conclusions.

Overall lending volume in the bank's AAs is excellent. Market share data and rankings for deposits are from the FDIC's Summary of Deposits, Market Share Report as of June 30, 2008. Market share and rankings for loan information are from 2007 Peer Mortgage Data (Western) and 2008 Peer Small Business data.

**Harlingen AA:** The bank has 9.97 percent of the deposit market share in the AA and ranks 4<sup>th</sup> in this market. The bank is ranked 14<sup>th</sup> for small loans to businesses with a 1.32 percent market share. The bank is ranked 8<sup>th</sup> for home purchase loans and has a market share of 2.67 percent. FNB's average loan size for home purchase loans is \$108 thousand, slightly lower than the average of \$110 thousand for all lenders.

**Houston AA:** The bank has 0.40 percent of the deposit market share in the AA and ranks 26<sup>th</sup> in this market. The bank is ranked 40<sup>th</sup> for small loans to businesses with a 0.03 percent

market share. The bank is ranked 187th for home purchase loans and has a market share of 0.02 percent. FNB's average loan size for home purchase loans is \$383 thousand, compared to the average of \$149 thousand for all lenders.

**McAllen AA:** The bank has 17.27 percent of the deposit market share in the AA and ranks 2<sup>nd</sup> in this market. The bank is ranked 16th for small loans to businesses with a 1.14 percent market share. The bank is ranked 4th for home purchase loans and has a market share of 4.66 percent. FNB's average loan size for home purchase loans is \$98 thousand, somewhat lower than the average of \$113 thousand for all lenders.

Each of these AAs includes a large number of financial institutions that results in an aggressive level of lending competition for small business loans and residential real estate loans.

## **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.

FNB's overall distribution of home mortgage loans by income level of geography is excellent in the Harlingen AA, the Houston AA, and the McAllen AA.

Geographic distribution analyses of home improvement loans and home mortgage refinance loans are not meaningful. These products represent 1.51 percent and 5.60 percent, respectively, of total loan originations. FNB originated only 55 home improvement loans and 204 home refinance loans spread among 13 markets. In the full-scope AAs, home improvement lending totaled 48 loans and home refinance loans totaled 168, or 1.32 percent and 4.61 percent, respectively, of total reported loans. The tables of Home Improvement Loans and Home Refinance Loans are provided for informational purposes only.

### **Harlingen AA**

The geographic distribution of home purchase loans is excellent. The distribution of loans in low-income geographies substantially exceeds the percentage of owner-occupied housing units. The distribution of loans in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units. The bank's market share in low-income geographies and in moderate-income geographies, respectively, significantly exceeds the overall market share.

The geographic distribution of multifamily loans is excellent. The distribution of loans in both low- and moderate-income geographies exceeds the respective percentages of multifamily units in those geographies. The bank did not have a market share in low-income geographies, while the bank's market share in moderate-income geographies significantly exceeds the overall market share.

**Houston AA**

The geographic distribution of home purchase loans is excellent. The distributions of loans in low-income and in moderate-income geographies significantly exceeds the respective geographic percentages of owner-occupied housing units. The bank’s market share in both low-income and moderate-income geographies exceeds the overall market share.

The geographic distribution of multifamily loans is excellent. The distribution of loans in both low- and moderate-income geographies exceeds the respective percentages of multifamily units in those geographies. The bank’s market share in low- and moderate-income geographies significantly exceeds the overall market share.

**McAllen AA**

The geographic distribution of home purchase loans is excellent. The percentage of home purchase loans in moderate-income geographies is near to the percentage of owner-occupied housing units. The bank’s market share in moderate-income geographies significantly exceeds the overall market share. There are no low-income geographies in the McAllen AA.

The geographic distribution of multifamily loans is excellent. The distribution of loans in moderate-income geographies is near to the percentage of multifamily units. The bank did not have a market share in either low- or moderate-income geographies.

***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.

**Harlingen AA**

The geographic distribution of small loans to businesses in the Harlingen AA is adequate. The distribution of loans in low-income geographies is somewhat lower than the percentage of small businesses in those areas. The percentage of loans in moderate-income geographies is also somewhat lower than the percentage of small businesses located in moderate-income geographies. The bank’s market share in low-income geographies is lower than the overall market share. The bank’s market share in moderate-income geographies exceeds the overall market share.

**Houston AA**

The geographic distribution of small loans to businesses in the Houston AA is excellent. The distribution of loans in low-income geographies is somewhat lower than the percentage of small businesses located in those areas. The distribution of loans in moderate-income geographies exceeds the percentage of small businesses located in moderate-income geographies. The bank’s market share in low-income geographies is equal to the overall market share. The bank’s market share in moderate-income geographies significantly exceeds the overall market share.

## McAllen AA

The geographic distribution of small loans to businesses in the McAllen AA is excellent. The distribution of loans in moderate-income geographies exceeds the percentage of small businesses located in those areas. There are no low-income geographies in Hidalgo County. The bank's market share in moderate-income geographies 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.

A geographic distribution analysis of small loans to farms is not meaningful. This product represents less than two percent of total loan originations and FNB originated only sixty-two loans in two of the three full-scope review AAs and seventy-three in all AAs during the evaluation period. None were originated in the Houston AA. We provided the table for informational purposes only.

### **Lending Gap Analysis**

Maps and reports detailing FNB's lending activity over the evaluation period for home mortgages and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

The bank's distribution of loans inside/outside of their AAs is excellent. A significant majority of the HMDA, small business, and small farm loans originated by FNB during the evaluation period were within its AAs. Ninety-six percent of the total number of loans, and ninety-three percent of the total dollar volume of loans, originated within the bank's AAs. This analysis was performed at the bank-wide level rather than at the AA level. The information includes loans that the bank originated or purchased and does not include loans by affiliates that are being considered under other performance criteria. The excellent distribution of loans originating within FNB's AAs factored positively in the overall lending performance analysis.

## **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.

FNB's distribution of home mortgage loans by income level of borrowers is good in the Harlingen AA, good in the Houston AA, and excellent in the McAllen AA. We factored into our analysis of home mortgage loans the difficulty that low- and moderate-income individuals have in purchasing homes in the AAs.

Analyses of home improvement loans and home mortgage refinance loans by borrower income levels are not meaningful. These products represent 1.51 percent and 5.60 percent, respectively, of total loan originations. FNB originated only 55 home improvement loans and 204 home refinance loans spread among 13 markets, compared to 1,847 home purchase loans. In the full-scope areas, home improvement lending totaled 48 loans and home refinance loans totaled 168, or 1.32 percent and 4.61 percent, respectively, of total reported loans. The tables of Home Improvement Loans and Home Refinance Loans are provided for informational purposes only.

### **Harlingen AA**

The distribution of home purchase loans by borrower income level is good given the high level of households (29 percent) that are below the poverty level. When compared with a HUD Adjusted Median Family Income of \$30,000 for 2007, \$31,000 for 2008, a median house price of \$115 thousand, and an average sale price of \$128 thousand to \$152 thousand in 2008, the unsubsidized purchase of a median single-family residence might be beyond the financial means of many individuals classified as low- or moderate-income. The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA. The percentage of loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the AA. The bank's respective market share for both low- and moderate-income borrowers exceeds the overall market share, especially for moderate-income borrowers.

### **Houston AA**

The distribution of home purchase loans by borrower income level is adequate. The percentage of loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The percentage of loans to moderate-income borrowers is lower than the percentage of moderate-income families in the AA. The bank's market share for low-income borrowers significantly exceeds its overall market share by three times. The bank's market share for moderate-income borrowers is somewhat lower than its overall market share.

### **McAllen AA**

The distribution of home purchase loans by borrower income level is excellent given the high level of households (32 percent) below the poverty level. When compared with a HUD Adjusted Median Family Income of \$27,700 for 2007, \$31,600 for 2008, a median home price of \$115 thousand, and an average sale price of \$112 thousand to \$140 thousand, the unsubsidized purchase of an average single-family residence might be beyond the financial means of many individuals classified as low- or moderate-income. While the percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA, the bank's market share for low-income borrowers substantially exceeds its overall market share by over seven times. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA and the bank's market share for moderate-income borrowers substantially exceeds its overall market share by four times.

***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 distribution of loans to businesses with annual revenues of \$1 million or less is excellent in the Harlingen AA, the Houston AA, and the McAllen AA.

**Harlingen AA**

FNB's percentage of small loans to businesses with annual revenues of \$1 million or less substantially exceeds the percentage of businesses with annual revenues of \$1 million or less in the AA, and the bank's market share to businesses with annual revenues of \$1 million or less substantially exceeds its overall market share by almost two times.

**Houston AA**

FNB's percentage of small loans to businesses with annual revenues of \$1 million or less exceeds the percentage of businesses with annual revenues of \$1 million or less in the AA, and the bank's market share to businesses with annual revenues of \$1 million or less substantially exceeds its overall market share by over two times.

**McAllen AA**

FNB's percentage of small loans to businesses with annual revenues of \$1 million or less substantially exceeds the percentage of businesses with annual revenues of \$1 million or less in the AA, and the bank's market share to businesses with annual revenues of \$1 million or less substantially exceeds its overall market share by almost two times.

***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 farms.

A distribution analysis of small loans to farms by revenue is not meaningful. This product represents less than two percent of total loan originations and FNB originated only sixty-two loans in two of the three full-scope review AAs during the evaluation period. None were originated in the Houston AA. The table is provided for informational purposes only.

**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 CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

FNB has an excellent level of CD loans in its AAs. This had a positive impact on the overall Lending Test conclusions. FNB originated 106 CD loans totaling \$189.5 million during the

evaluation period. Fifteen loans totaling \$10.1 million originated in the Harlingen AA, 24 loans totaling \$44 million originated in the Houston AA, and 26 loans totaling \$39.3 million originated in the McAllen AA. These loans financed activities for all four purposes of community development - affordable housing, community services, economic development for small businesses, and revitalization/stabilization. None of the CD loans are considered complex or innovative.

### **Examples of CD Lending:**

- FNB originated 43 loans totaling \$46.4 million to construct individual or multi-family affordable housing units and to provide permanent financing for multi-family projects that are targeted primarily toward low- and moderate-income individuals or families. Five loans totaling \$1.1 million originated in the Harlingen AA; twelve loans totaling \$12.0 million originated in the Houston AA; and nine loans totaling \$2.9 million originated in the McAllen AA.
- FNB originated 20 loans totaling \$60.6 million to finance entities that provide community services to low- or moderate-income persons or areas, primarily in the health care sector and social services. FNB made six loans totaling \$26 million to rehabilitate, remodel, and/or refurbish health care facilities in federally-designated disaster areas in the Houston AA which were damaged by Hurricane Ike, all of which are also in moderate-income tracts. Another seven loans totaling \$26 million originated for construction or remodeling of health-care facilities in or adjacent to low- and moderate-income geographies, primarily for residents of those areas. Two loans for \$2.4 million were to fund soup kitchen operations and basic services (shelter, food, clothing, healthcare) that are targeted to low- and moderate-income families.
- FNB originated 33 loans totaling \$58.2 million for economic development by financing small businesses. Seven loans for \$6.6 million were originated in the Harlingen AA, two loans for \$9.2 million were made in the Houston AA, and ten loans for \$17.2 million were originated in the McAllen AA.
- Ten loans totaling \$22.4 million were originated to revitalize or stabilize low- or moderate-income geographies. Almost half, \$10.7 million, of these loans provided funds for new or existing businesses or local schools in business enterprise or HUD-designated Enterprise Communities/Empowerment Zones in AAs: Houston AA, McAllen AA, Corpus Christi AA and San Antonio AA.

### **Product Innovation and Flexibility**

FNB uses flexible lending policies and practices to serve the credit needs of its AAs. The bank's loan policy allows loan officers the flexibility to tailor loans to specific needs of the customer. One example of flexible lending is the migrant loan program. It is designed for migrant farm workers who travel to work on farms and ranches. The program allows payment deferrals for up to six months when the customer returns from the seasonal work assignment. The primary source of income for most of these borrowers is from this seasonal work.

A highly successful loan program in response to the current economic environment is the very flexible and innovative foreclosure prevention loan program. The bank has actively promoted its Project Dream Home Loan Program with the goal of helping borrowers who were having difficulty meeting repayment plans on their home purchase loans. This program began in March 2008 and the bank has made 121 loans totaling \$11.3 million. These fixed-rate loans provided relief from original variable-rate loans and allowed the 121 homeowners to avoid foreclosure and stay in their homes. Even though this program did not target affordable housing, FNB made loans to 35 low- or moderate-income families totaling \$2.3 million under the Project Dream Home Loan Program, most of them (30 for \$1.9 million) in the McAllen AA. All of these loans were reported on the bank's HMDA loan registers for 2008 and 2009.

## Conclusions for Areas Receiving Limited-Scope Reviews

Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

Based on the limited-scope reviews, the bank's performance in the Austin, Corpus Christi, Dallas, Del Rio, Eagle Pass, El Paso, San Antonio and Starr County AAs is not inconsistent with the overall "Outstanding" rating. The bank's performance in the Fort Worth AA and in the Laredo AA is weaker than the bank's overall performance. The weaker performance in the Fort Worth AA is mitigated due to this being a new market since the last evaluation. The weaker performance in the Laredo AA is primarily because of adequate performance in both residential and small business lending. This weaker performance did not have an impact on the overall Lending Test rating.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "**Outstanding**". Based on full-scope reviews, the bank's performance in the Harlingen, Houston, and McAllen AAs is excellent.

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

FNB has a significant dollar volume of qualified investments that meet the needs of their AAs. Refer to the Market Profiles in Appendix B for comments regarding the investment opportunities in each AA. The total dollar volume of qualified investments is \$30.4 million, of which \$9.9 million is a qualified investment made in the prior evaluation period and is still outstanding. In addition, FNB is still obligated to fund an additional \$8.5 million as part of an original \$10 million commitment. This level of investment is at 9.38 percent of Tier 1 capital of \$324 million as of June 30, 2009, well below the 15 percent limit allowed by 12 USC 24, as of September 30, 2006.

The CRA Fund is a mutual fund (Symbol: CRAIX) that is an open-ended fund incorporated in the United States. The objective of the CRA Fund is to purchase investments that meet the definition of a CD investment. FNB directed that its \$10 million investment be placed specifically in its AAs. The allocation of the investment was as follows: Hidalgo County – 26 percent, Bexar County – 11 percent, Harris County – 11 percent; Dallas County – 11 percent, Cameron County – 10 percent; Nueces County – 10 percent; Travis County – 5 percent; Maverick County – 5 percent; Webb County – 5 percent; Tarrant County – 3 percent; and El Paso County – 3 percent. The majority of the CRA Fund is for affordable housing by providing Section 8 assistance or targeting low- and moderate-income families.

During the evaluation period, the bank funded \$1.5 million out of a three-year, \$10 million commitment to the First National Bank Group Community Development Corporation (FNB CDC). This commitment was approved by the bank on December 16, 2008 with the requirement that it be used for a CD purpose - affordable housing, community services, economic development, or revitalization/stabilization in the bank's AAs. The FNB CDC made a \$1.5 million loan to the Starr County Industrial Foundation, a nonprofit organization founded by local government and business interests, to finance the purchase of a large foreclosed commercial real estate building in Rio Grande City, Texas. The building was then leased to a Workforce Solutions, a nonprofit which provides job-training for residents of Starr County, which has one of the lowest MFIs of all counties nationwide. Its updated 2008 MFI was \$21,800. This purchase is part of an overall plan by the Starr County Industrial Foundation to stabilize the area by eliminating large vacant properties. The rental to Workforce Solutions will help promote job creation and job growth in the county. The bank took a leadership position and established the CDC during a previous evaluation period. FNB owns 100 percent of the CDC and formed it to provide financing for projects in the bank's AA's that benefit low- and moderate-income persons, families, geographies, and areas targeted for redevelopment by government authorities.

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

Based on limited-scope reviews, the bank's performance under the investment test in the Austin, Corpus Christi, Dallas, Del Rio, Eagle Pass, El Paso, Fort Worth, Laredo, San Antonio, and Starr County AAs is not inconsistent with the bank's overall "Outstanding" performance under the Investment Test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions. Two significant, qualified investments in limited-scope areas are described below:

In the Laredo AA, the bank made an additional \$350 thousand investment under the New Markets Tax Credit (NMTC) program for a project in the Laredo AA. In the prior evaluation period, the bank had invested \$11 million under the NMTC program to provide a loan to Gateway Community Health Center (Gateway). The investment was made through the Corporation for the Development of Community Health Centers, Inc.(CDCHC), which is 99.9 percent owned by FNB. CDCHC made a zero percent loan to Gateway to build a new community health facility in Laredo, Texas. FNB will receive tax credits for seven years as long as Gateway remains in good standing and provides the services as per its agreement. The bank will continue with this investment under the revised 15 percent limitation of the Part 24 investment authority. The amount of the prior period investment still outstanding as of the date of this evaluation is \$9.9 million.

In the Eagle Pass AA, a distressed, non-metropolitan, middle-income geography, the bank purchased an \$8.5 million municipal revenue bond. This investment helps to revitalize and stabilize Maverick County by providing financing for essential, long-term infrastructure necessary to attract and retain businesses and residents. Specifically, funds were used to construct a landfill in Eagle Pass and purchase a commercial building. The landfill site will include approximately 257 acres, of which 134 acres are specifically designated as waste disposal areas. The landfill will serve Maverick County for approximately 66 years based on current population and projected growth.

## 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 Harlingen AA and in the McAllen AA is good, and the bank's performance in the Houston AA performance is adequate.

### Retail Banking Services

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

### Delivery Systems

The delivery system in the Harlingen AA is good. The bank meets the needs of moderate-income individuals with 20 percent of the branches located in moderate-income geographies compared to 26 percent of the population that reside in these geographies. While the percentage of branches is somewhat lower than the percentage of the population that resides in moderate-income census tracts, two, or 20 percent, of the branches are in tracts that are adjacent to moderate-income tracts. This improves overall accessibility by the residents of those moderate-income tracts. The absence of branches in low-income geographies is mitigated by the fact that only two percent of the AA population resides in those areas.

The delivery system in the Houston AA is adequate. Service delivery systems are reasonably accessible to all geographies of different income levels in the AA. While there are no branches in low-income geographies, two, or 25 percent, of the bank's branches are located in moderate-income geographies. While the percentage of branches is somewhat lower than the percentage of the population that resides in moderate-income census tracts, another one or 13 percent of the branches is in a middle-income tract that is adjacent to moderate-income tracts. This improves overall accessibility by the residents of those moderate-income tracts.

The bank's delivery system in the McAllen AA is good. Service delivery systems are readily accessible to geographies and individuals of different income levels in the AA. FNB operates 18 offices (including the bank's main office) in the McAllen AA. While the percentage of branches is somewhat lower than the percentage of the population that resides in moderate-income census tracts, another three, or 17 percent, of the branches are in tracts that are adjacent to moderate-income tracts. This improves overall accessibility by the residents of

those moderate-income tracts. There are no low-income geographies in the McAllen AA and 30 percent of the population resides in moderate-income geographies.

Bank hours are consistent for all locations. Lobby hours are 9 AM to 5 PM Monday through Friday, and all drive-through locations are open 8 AM to 6 PM. Four branches do not have a drive-through: San Benito in the Harlingen AA, Garland in the Dallas AA, Del Rio in the Del Rio AA, and Fort Worth in the Fort Worth AA. The lack of drive-through services at these locations had no material effect on the rating for the overall Service Test.

### **Alternative Delivery Systems**

Alternative delivery systems consist primarily of an extensive ATM network which is consistent with the branch distributions, 24-hour Bank by Phone, Internet banking (FNB Web), FNB Mobile Banking (cell phones or other mobile devices), FNB eDocs, and bank by mail. All of these services are available in English and Spanish. Included in the ATM network is a mobile ATM which is used for special events, primarily in the McAllen AA, to increase the accessibility by existing customers and to provide basic information about the bank's products and services. Customers can access information regarding their checking, savings, and loan balances, interest rates, recent transactions, check verification (for merchants), and pending transactions, and make certain transactions such as pay bills, make transfers and loan payments, and receive their statements electronically, by using one or more of the alternative delivery systems. No data was available to determine the effect of these services on low- and moderate-income individuals or areas; therefore, these were not key considerations in determining the level of benefit to low- or moderate-income individuals or areas.

### **Opening and Closing Branches**

The record of opening branches had an overall positive effect on improving the accessibility of the bank's services in low- or moderate-income geographies, primarily in limited-scope areas. Out of twelve new branches, one branch was opened in a low-income geography in Starr County, a limited scope AA, and four branches were opened in moderate-income geographies. Each time the bank entered a market for the first time, a branch was either opened in a low-income tract (Starr County AA) or in a moderate-income tract (Del Rio, Eagle Pass, and Fort Worth AAs). The other moderate-income tract opening occurred in the San Antonio AA. FNB did not open any branches in full-scope areas, and did not close any branches in any AA during the evaluation period.

### **Other Retail Banking Services**

The bank offers a variety of loan and deposit products at its many locations. Several are of particular use to low- or moderate-income individuals. Examples of the products and services include:

Piggy Bank Savings – This product was established to teach children the importance of saving. Membership is open to all minors younger than 18 years of age. A minimum initial deposit of \$25 is required and a quarterly service charge of \$1 is waived if a \$25 balance is maintained. One withdrawal is allowed for free each quarter. Additional withdrawals are charged a fee of \$2. If a deposit is not made quarterly, then a \$1 fee is charged.

Free Business Checking – Designed for small businesses, this account requires \$100 to open and is not assessed a monthly service fee. No minimum balance is required, checks are imaged, no per item fees apply, and accounts are allowed 300 items per month before a per item charge of \$0.25 is assessed.

Free Checking – Targeted for low- and moderate-income persons, this account requires \$100 to open and does not assess a monthly service fee. No minimum balance is required and the account offers unlimited check writing. Bill paying, a free box of basic checks, Free FNB Web Banking, and check imaging are included.

## **Community Development Services**

The bank's performance in the Hidalgo and Cameron County AAs is good, and is adequate in the Houston AA. Efforts demonstrate a commitment to CD by providing technical assistance on financial and banking related matters to community groups, low- and moderate-income persons and families, and small businesses. For example, bank officers are active in providing financial literacy presentations to area schools whose enrollment is primarily low- or moderate-income, and to other community organizations such as Los Amigos Housing Development Workshop, La Villa ISD, and others. Many of the financial literacy courses are part of the FDIC Hispanic Outreach Financial Education Program.

Several bank officers provided technical financial advice to several organizations whose primary purpose is community development. In some cases, they served in leadership roles such as Board Members, Directors, or Committee Chairs. The organizations include The Alamo Boys and Girls Club, The Rio Grande Valley Food Bank, The Rio Grande Valley Community Fund, The Salvation Army of Hidalgo County, Edinburg Housing Authority, the South Texas Food Bank, and The United Way of South Texas.

Other examples of FNB's community development services are listed below.

Brownsville Development Corporation (Harlingen AA) – This organization works with the SBA and lenders to finance loans to small businesses in the Rio Grande Valley. The loans usually have a low down-payment (usually 10 percent), and a fixed rate. A bank officer serves on the Board of this organization and on the City of Brownsville Planning and Zoning Commission.

City of Brownsville (Harlingen AA) – An officer maintains contact with the Homeless Coordinator of the Planning and Community Development Department pursuant to the bank's ongoing participation in the Fiesta of Homes program, a down payment assistance program for low-income first-time homebuyers. The officer has made formal presentations about the program, taught homebuyer education, and provided individualized financial guidance for primarily low-income persons and families.

Texas Rural Legal Aid Community Justice Program and Wills Clinic (McAllen AA) – FNB Sponsored a clinic to offer indigent hospice patients the opportunity to have a free, simple will prepared by qualified attorneys. A bank officer led this effort by coordinating this project for low-income persons who are disabled and who receive public benefits under programs such as TANF (Temporary Assistance for Needy Families), food stamps, and Specified Low-Income Medicare/Medicaid Beneficiary.

Edinburg Housing Authority (McAllen AA) – An officer provides financial literacy training to clients of the Edinburg Housing Authority (EHA), whose clients are all low- or moderate-income. The officer teaches homebuyer education classes and provides financial education regarding general banking and personal budgeting.

North Harris Montgomery Community College District (NMHCCD) (Houston AA) – An officer served as an instructor for small business financial education classes at the NHMCCD Small Business Development Center on an ongoing basis during the evaluation period. Classes include sessions on starting a small business, workshops and financial education seminars, and other technical financial assistance.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Corpus Christi, Dallas, Del Rio, El Paso, and Laredo AAs is weaker than the bank's overall "High Satisfactory" performance. The bank's performance in the Austin, Eagle Pass, Fort Worth, San Antonio, and Starr County AAs is stronger than the bank's overall "High Satisfactory" performance under the Service Test. Stronger or weaker performance in limited scope areas had no material effect on the overall Service Test rating. 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 nonmetropolitan 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): 01/01/06 to 12/31/08 Investment and Service Tests and CD Loans: 09/17/06 to 08/17/09	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
<b>First National Bank of Edinburg, Edinburg, Texas</b>	HMDA, CRA, Community Development Loans, Community Development Investments, and Community Development Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
First National Bank Group, Inc.	Holding Company	None
First National Group Community Development Corporation (CDC)	Affiliate	Loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Harlingen AA	Full-Scope	All of the Brownsville-Harlingen-San Benito MSA
Houston AA	Full-Scope	Does not include all of the Houston MSA
McAllen AA	Full-Scope	All of the McAllen-Edinburg-Mission MSA
Austin AA	Limited-Scope	Does not Include all of the Austin MSA
Corpus Christi AA	Limited-Scope	Does not include all of the Corpus Christi MSA
Dallas AA	Limited-Scope	Does not include all of the Dallas-Fort Worth MSA
Del Rio AA	Limited-Scope	All of the Val Verde County Non-MSA
Eagle Pass AA	Limited-Scope	All of the Maverick County Non-MSA
El Paso AA	Limited-Scope	All of the El Paso MSA
Fort Worth AA	Limited-Scope	Does not include all of the Dallas-Fort Worth MSA
Laredo AA	Limited-Scope	All of the Laredo MSA
San Antonio AA	Limited-Scope	Does not include all of the San Antonio MSA
Starr County AA	Limited-Scope	All of the Starr County Non-MSA

## Appendix B: Market Profiles for Full-Scope Areas

### Harlingen Assessment Area

Demographic Information for Full-Scope Area: Harlingen Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	86	3.49	27.91	39.53	29.07	0.00
Population by Geography	335,227	2.26	25.87	42.69	29.18	0.00
Owner-Occupied Housing by Geography	65,854	0.87	21.06	43.90	34.17	0.00
Businesses by Geography	20,908	2.64	27.68	34.31	35.37	0.00
Farms by Geography	454	0.22	9.03	57.49	33.26	0.00
Family Distribution by Income Level	80,213	23.75	16.04	17.82	42.39	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	31,915	3.63	33.93	43.20	19.24	0.00
Median Family Income = \$ 28,017 HUD Adjusted Median Family Income for 2008 = \$ 31,000 Households Below the Poverty Level = 29%			Median Housing Value = \$ 55,770 Unemployment Rate = 4.18%			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2008 HUD updated MFI.

The Harlingen AA includes all of Cameron County, Texas, which is also known as the Brownsville-Harlingen-San Benito MSA. The defined AA area meets the requirements of the CRA, and does not arbitrarily exclude any low- or moderate-income tracts. Major cities are Brownsville, Harlingen, and San Benito. The median housing price was \$115 thousand in 2008 with an average sale price of between \$128 and \$152 thousand, according to the Real Estate Center at Texas A&M University.

FNB faces strong competition in the Harlingen AA market from multinational and regional banking companies such as BBVA-Compass, Wells Fargo, International Bank of Commerce, and JP Morgan Chase Bank. Several other Rio Grande Valley community banks also have branches in the AA. At June 30, 2008, MSA deposits account for 11 percent of total deposits. Of the total HMDA and CRA loans reported during the evaluation period, 19 percent of the number and 17 percent of the dollars were made in this AA. The bank operates 10 full service branches and 29 ATMs in the Harlingen AA. FNB offers a full-range of banking products and services in this AA, with particular emphasis on loans to small businesses and for consumer purposes.

Demographic and economic conditions in Harlingen differ somewhat from the adjacent Hidalgo County. Job growth is slower in Brownsville than in McAllen. The major employment sectors include education, services, manufacturing/trade, and government. Major employers are the area school districts and colleges, federal and state government, and in the private sector, AMFELS, Wal-Mart, and Valley Baptist Medical Center. The MSA reported an annual

unemployment rate of 6.8 percent as of December 31, 2008, which is higher than the state average of 4.9 percent. For August 2009, the unemployment rate has markedly increased to 10.5 percent, a reflection of current economic conditions nationwide.

Market data on HMDA lending indicates there is a lower than average demand for purchase money mortgage loans in the bank's trade area. The high level of families below the poverty level, coupled with the high unemployment rate, median sales price and average sales price of a home, means many cannot qualify for home mortgage loans. This AA does not have the high growth levels that the neighboring McAllen AA has to help mitigate these factors somewhat.

There are a number of CD opportunities in the Harlingen AA, and competition among financial institutions for participation in these opportunities is strong. This is primarily because of the presence of the Rio Grande Valley Multi-Bank CDC, of which FNB is not a member. CD opportunities are mainly in affordable housing. Community contacts identified the continued need for more affordable housing and small business financing.

**Houston Assessment Area**

Demographic Information for Full-Scope Area: Houston Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	696	9.20	33.33	27.87	28.45	1.15
Population by Geography	3,694,346	7.71	32.87	29.21	30.15	0.06
Owner-Occupied Housing by Geography	747,879	3.55	24.97	30.44	41.04	0.00
Businesses by Geography	349,335	5.78	27.01	26.81	39.72	0.68
Farms by Geography	5,249	4.10	20.44	34.44	40.87	0.15
Family Distribution by Income Level	921,353	23.73	17.79	18.74	39.74	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	382,486	13.27	46.11	27.44	13.18	0.00
Median Family Income	= \$ 51,431					
HUD Adjusted Median Family Income for 2008	= \$ 61,100					
Households Below the Poverty Level	= 13%					
				Median Housing Value	= \$ 100,914	
				Unemployment Rate	= 3.06%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2008 HUD updated MFI.

The Houston AA includes Harris and Montgomery counties, which are part of the Houston-Baytown MSA. The defined AA area meets the requirements of the CRA, and does not arbitrarily exclude any low- or moderate-income tracts. The largest city in this AA is Houston. FNB has 8 full service branches in the Houston AA and 10 full service ATM's. As of June 30, 2008, the AA accounts for 12 percent of FNB's total deposits and 27 percent of total CRA reported loans. Of the total HMDA and CRA loans reported during the evaluation period, 7 percent of the number and 13 percent of the dollars were made in this AA. FNB offers a full-range of banking products and services in this AA, with particular emphasis on loans to small businesses and for consumer purposes. The median housing price was \$152 thousand for Houston and \$173 thousand for Montgomery County in 2008 with an average sale price of between \$185 and \$224 thousand, according to the Real Estate Center at Texas A&M University.

The MSA reported an annual unemployment rate of 4.8 percent as of December 31, 2008, which is in line with the state average of 4.9 percent. For August 2009, the unemployment rate has markedly increased to 8.4 percent, a reflection of current economic conditions nationwide.

Economic conditions were fairly stable at year-end, in contrast to nationwide economic problems in commercial real estate and residential housing. Professional and business service, state and federal government, and education and health service sectors account for the majority of employment in the AA. The top private employers are Wal-Mart Stores, Administaff, Memorial Hermann Healthcare System, Continental Airlines, Exxon Mobil Corporation, Kroger Company, and Shell Oil. The top public employers are the University of Texas, Houston Independent School District, and the City of Houston.

A review of two community contacts conducted within the Houston area indicates a number of opportunities to participate in CD lending, investments, and service activities, primarily after and related to Hurricane Ike. Most lending needs focus on loans related to recovering from the Hurricane – for repairs, home improvement, and small business.

## McAllen Assessment Area

Demographic Information for Full-Scope Area: McAllen Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	80	0.00	28.75	47.50	23.75	0.00
Population by Geography	569,463	0.00	29.73	48.29	21.98	0.00
Owner-Occupied Housing by Geography	114,570	0.00	27.56	48.45	23.99	0.00
Businesses by Geography	37,022	0.00	19.52	42.48	38.00	0.00
Farms by Geography	641	0.00	13.57	55.54	30.89	0.00
Family Distribution by Income Level	133,186	23.48	16.86	17.67	41.99	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	53,733	0.00	37.97	48.96	13.07	0.00
Median Family Income HUD Adjusted Median Family Income for 2008 Households Below the Poverty Level	= \$ 25, 988 = \$ 31,600 = 32%				Median Housing Value = \$ 49,916 Unemployment Rate = 4.33%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2008 HUD updated MFI.

The McAllen AA includes all of Hidalgo County, Texas, which is also known as the McAllen-Edinburg-Mission MSA. The defined AA meets the requirements of the CRA, and does not arbitrarily exclude any low- or moderate-income tracts. Major cities are McAllen, Edinburg, Mission, Pharr, and Weslaco. These cities are essentially adjacent to each other. There are several other smaller cities along State Highway 83. The median housing price was \$115 thousand in 2008 with an average sale price of between \$112 and \$140 thousand, according to the Real Estate Center at Texas A&M University.

FNB's main competitors in the AA are other large area community banks - Inter National Bank of McAllen, Lone Star National Bank, and several smaller community banks. Branches of multinational and regional banking companies, such as BBVA-Compass, Wells Fargo, International Bank of Commerce, Frost Bank, and JP Morgan Chase Bank also provide competition. At June 30, 2008, MSA deposits account for 41 percent of total deposits. Of the total HMDA and CRA loans reported during the evaluation period, 50 percent of the number and 42 percent of the dollars were made in this AA. The bank operates 18 full service branches and 95 ATMs in the McAllen AA. FNB offers a full-range of banking products and services in this AA, with particular emphasis on loans for affordable housing, small business loans, and loans for consumer purposes.

Prior to 2008, the metropolitan area of McAllen was one of the fastest growing in the state and in the nation. That growth made McAllen the second largest residential center along the border, after El Paso. The growing population base was the primary force feeding growth in the metro area's housing, education, health, finance, and personal services industries. Local manufacturing added jobs and hiring accelerated in tourism areas.

Economic conditions were fairly stable at year-end 2008, in contrast to nationwide economic problems in commercial real estate and residential housing. Professional and business service, state and federal government, and education and health service sectors account for the majority of employment in the AA. The major sectors and employers were the school districts in McAllen and Edinburg, Healthcare - Edinburg Regional Medical Center, McAllen Medical Center, Doctors Hospital at Renaissance, and government – state and federal. Major private employers are Wal-Mart Stores and the various banking companies.

Market data on HMDA lending indicates there is a lower than average demand for purchase money mortgage loans in the bank's trade area. The high level of families below the poverty level, coupled with the high unemployment rate, median sales price, and average sales price of a home means many cannot qualify for home mortgage loans. While the prior high growth levels helped mitigate these factors somewhat, the general economic slowdown of late 2008 and 2009 has impacted the demand for loans in general, resulting in somewhat lower demand in the commercial real estate and residential real estate markets.

The MSA reported an annual unemployment rate of 7.3 percent as of December 31, 2008, which is higher than the state average of 4.9 percent. For August 2009, the unemployment rate has markedly increased to 11.4 percent, a reflection of current economic conditions nationwide, and a reversal of the previous record of experienced consistent employment growth in recent years in the McAllen AA.

Hidalgo County has a good level of CD opportunities. Community contacts identified needs that include small business financing, affordable housing, and small consumer loans. Government and non-profit organizations in the county, such as the McAllen Housing Authority, Mercedes Housing Authority, and McAllen Affordable Homes, Inc., help to provide home ownership counseling, construction, and financing of affordable homes. The MSA includes several areas that are identified as Federally-designated Empowerment Zones, primarily for affordable housing. During a previous evaluation period, the bank created CD investment opportunities by forming the First National Group Community Development Corporation in Edinburg to serve Hidalgo County. Bank management actively invests in this corporation that provides loans to individuals and businesses. Refer to the Investment Test section of the PE for additional information.

## 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: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12. 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/AA. Community development loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. See Interagency Q&As - 12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans.
- 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/AA. 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 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 AA. See interagency Q&As - 12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments.

**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: SEPTEMBER 19, 2006 TO AUGUST 17, 2009				
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)	
<b>Full Review:</b>												
Harlingen AA	19.14	417	47,420	258	27,366	22	1,200	15	10,130	712	75,986	11.15
Houston AA	6.51	100	34,274	137	23,556	0	0	24	44,007	261	57,830	12.03
McAllen AA	51.04	1,379	139,500	440	47,358	40	5,043	26	39,322	1,885	191,901	41.43
<b>Limited Review:</b>												
Austin AA	1.43	14	8,257	38	7,904	0	0	2	3,821	54	16,161	5.75
Corpus Christi AA	6.21	72	9,326	151	16,229	3	923	10	16,770	236	26,478	8.47
Dallas AA	2.31	36	8,195	48	8,382	0	0	15	40,981	99	16,577	6.38
Del Rio AA	0.60	4	612	18	2,694	0	0	1	215	23	3,306	0.13
Eagle Pass AA	1.65	16	2,302	43	7,438	1	12	2	2,320	62	9,752	2.37
El Paso AA	0.71	12	4,993	14	3,968	0	0	3	12,500	29	8,961	1.21
Ft Worth AA	0.33	3	3,204	9	2,408	0	0	2	9,015	14	5,612	0.16
Laredo AA	5.66	27	4,527	178	12,701	1	104	2	3,046	208	17,332	3.26
San Antonio AA	3.19	65	11,193	51	10,691	0	0	3	4,909	119	21,884	7.05
Starr County AA	1.24	23	721	16	3,223	6	373	1	2,505	46	4,317	0.31

\* Loan Data as of August 17, 2009. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is September 18, 2006 to August 17, 2009

\*\*\* Deposit Data as of June 30, 2008. 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 1, 2006 TO DECEMBER 31, 2008					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Harlingen AA	347	18.79	0.87	4.90	21.06	14.99	43.90	41.50	34.18	38.62	2.44	5.04	4.76	3.04	1.61	
Houston AA	76	4.11	3.55	10.53	24.97	30.26	30.44	21.05	41.03	38.16	0.02	0.03	0.03	0.01	0.02	
McAllen AA	1,211	65.57	0.00	0.00	27.56	22.54	48.45	55.66	23.99	21.80	4.10	0.00	6.28	5.04	2.43	
<b>Limited Review:</b>																
Austin AA	10	0.54	2.90	30.00	18.96	20.00	39.32	30.00	38.82	20.00	0.00	0.00	0.00	0.00	0.00	
Corpus Christi AA	53	2.87	4.68	5.66	24.99	39.62	35.81	24.53	34.52	30.19	0.31	0.00	0.98	0.15	0.27	
Dallas AA	30	1.62	4.24	3.33	29.53	73.33	35.01	13.33	31.22	10.00	0.01	0.00	0.03	0.00	0.00	
Del Rio AA	3	0.16	0.00	0.00	60.07	66.67	19.57	0.00	20.37	33.33	0.13	0.00	0.37	0.00	0.00	
Eagle Pass AA	10	0.54	2.88	0.00	86.92	80.00	10.20	20.00	0.00	0.00	1.95	0.00	2.39	0.93	0.00	
El Paso AA	9	0.49	0.92	0.00	26.70	22.22	34.90	11.11	37.48	66.67	0.03	0.00	0.05	0.00	0.05	
Ft Worth AA	2	0.11	3.85	0.00	19.76	0.00	36.48	100.00	39.91	0.00	0.00	0.00	0.00	0.00	0.00	
Laredo AA	19	1.03	0.12	0.00	34.45	5.26	33.06	26.32	32.37	68.42	0.08	0.00	0.10	0.08	0.08	
San Antonio AA	58	3.14	1.94	12.07	34.52	48.28	26.83	22.41	36.71	17.24	0.01	0.00	0.04	0.01	0.01	
Starr County AA	19	1.03	60.31	63.16	39.69	36.84	0.00	0.00	0.00	0.00	3.41	5.56	1.74	0.00	0.00	

\* Based on 2007 Peer Mortgage Data: Western Region.

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT												GEOGRAPHY: TEXAS					Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2008				
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	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Harlingen AA	14	25.45	0.87	0.00	21.06	7.14	43.90	50.00	34.18	42.86	0.58	0.00	0.00	0.76	0.70						
Houston AA	2	3.64	3.55	0.00	24.97	0.00	30.44	0.00	41.03	100.00	0.02	0.00	0.00	0.00	0.05						
McAllen AA	32	58.18	0.00	0.00	27.56	18.75	48.45	46.88	23.99	34.38	0.58	0.00	0.63	0.40	0.84						
<b>Limited Review:</b>																					
Austin AA	0	0.00	2.90	0.00	18.96	0.00	39.32	0.00	38.82	0.00	0.00	0.00	0.00	0.00	0.00						
Corpus Christi AA	3	5.45	4.68	33.33	24.99	33.33	35.81	33.33	34.52	0.00	0.11	5.00	0.00	0.00	0.00						
Dallas AA	0	0.00	4.24	0.00	29.53	0.00	35.01	0.00	31.22	0.00	0.00	0.00	0.00	0.00	0.00						
Del Rio AA	0	0.00	0.00	0.00	60.07	0.00	19.57	0.00	20.37	0.00	0.00	0.00	0.00	0.00	0.00						
Eagle Pass AA	1	1.82	2.88	0.00	86.92	0.00	10.20	100.00	0.00	0.00	0.95	0.00	0.00	6.67	0.00						
El Paso AA	0	0.00	0.92	0.00	26.70	0.00	34.90	0.00	37.48	0.00	0.00	0.00	0.00	0.00	0.00						
Ft Worth AA	0	0.00	3.85	0.00	19.76	0.00	36.48	0.00	39.91	0.00	0.00	0.00	0.00	0.00	0.00						
Laredo AA	1	1.82	0.12	0.00	34.45	100.00	33.06	0.00	32.37	0.00	0.00	0.00	0.00	0.00	0.00						
San Antonio AA	1	1.82	1.94	100.00	34.52	0.00	26.83	0.00	36.71	0.00	0.02	2.04	0.00	0.00	0.00						
Starr County AA	1	1.82	60.31	100.00	39.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						

\* Based on 2007 Peer Mortgage Data: Western Region.

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE											GEOGRAPHY: TEXAS					Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2008				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*									
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Harlingen AA	40	19.61	0.87	0.00	21.06	17.50	43.90	40.00	34.18	42.50	0.58	0.00	1.80	0.56	0.33					
Houston AA	11	5.39	3.55	18.18	24.97	18.18	30.44	9.09	41.03	54.55	0.01	0.00	0.01	0.00	0.01					
McAllen AA	117	57.35	0.00	0.00	27.56	16.24	48.45	64.10	23.99	19.66	0.63	0.00	0.73	0.86	0.29					
<b>Limited Review:</b>																				
Austin AA	1	0.49	2.90	0.00	18.96	0.00	39.32	100.00	38.82	0.00	0.00	0.00	0.00	0.00	0.00					
Corpus Christi AA	12	5.88	4.68	8.33	24.99	33.33	35.81	33.33	34.52	25.00	0.25	2.27	0.26	0.37	0.08					
Dallas AA	4	1.96	4.24	0.00	29.53	25.00	35.01	25.00	31.22	50.00	0.01	0.00	0.02	0.00	0.01					
Del Rio AA	1	0.49	0.00	0.00	60.07	0.00	19.57	0.00	20.37	100.00	0.00	0.00	0.00	0.00	0.00					
Eagle Pass AA	5	2.45	2.88	0.00	86.92	80.00	10.20	20.00	0.00	0.00	1.03	0.00	1.40	0.00	0.00					
El Paso AA	0	0.00	0.92	0.00	26.70	0.00	34.90	0.00	37.48	0.00	0.00	0.00	0.00	0.00	0.00					
Ft Worth AA	1	0.49	3.85	0.00	19.76	0.00	36.48	100.00	39.91	0.00	0.01	0.00	0.00	0.02	0.00					
Laredo AA	4	1.96	0.12	0.00	34.45	0.00	33.06	75.00	32.37	25.00	0.07	0.00	0.00	0.26	0.00					
San Antonio AA	5	2.45	1.94	20.00	34.52	40.00	26.83	20.00	36.71	20.00	0.02	0.68	0.06	0.00	0.00					
Starr County AA	3	1.47	60.31	66.67	39.69	33.33	0.00	0.00	0.00	0.00	0.61	1.12	0.00	0.00	0.00					

\* Based on 2007 Peer Mortgage Data: Western Region.

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: TEXAS					Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2008					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Harlingen AA	16	25.81	2.93	12.50	15.31	31.25	19.84	31.25	61.92	25.00	11.36	0.00	50.00	7.69	4.00	
Houston AA	11	17.74	10.44	27.27	35.44	54.55	31.11	18.18	23.01	0.00	2.37	4.76	3.51	1.15	0.00	
McAllen AA	19	30.65	0.00	0.00	11.56	10.53	31.77	47.37	56.67	42.11	12.50	0.00	0.00	22.73	11.11	
<b>Limited Review:</b>																
Austin AA	3	4.84	17.74	33.33	31.16	0.00	35.46	66.67	15.64	0.00	0.68	0.00	0.00	1.72	0.00	
Corpus Christi AA	4	6.45	8.18	0.00	14.05	25.00	45.39	50.00	32.39	25.00	3.70	0.00	0.00	0.00	11.11	
Dallas AA	2	3.23	18.13	0.00	36.96	50.00	30.79	50.00	14.12	0.00	0.00	0.00	0.00	0.00	0.00	
Del Rio AA	0	0.00	0.00	0.00	76.44	0.00	8.70	0.00	14.86	0.00	0.00	0.00	0.00	0.00	0.00	
Eagle Pass AA	0	0.00	0.72	0.00	65.06	0.00	34.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
El Paso AA	3	4.84	11.43	33.33	31.34	33.33	26.23	0.00	31.00	33.33	2.22	0.00	0.00	0.00	9.09	
Ft Worth AA	0	0.00	7.17	0.00	28.46	0.00	45.23	0.00	19.13	0.00	0.00	0.00	0.00	0.00	0.00	
Laredo AA	3	4.84	2.50	0.00	18.94	66.67	41.52	0.00	37.04	33.33	3.33	0.00	8.33	0.00	0.00	
San Antonio AA	1	1.61	1.89	0.00	36.43	0.00	38.94	100.00	22.74	0.00	1.19	0.00	0.00	4.00	0.00	
Starr County AA	0	0.00	24.75	0.00	75.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2007 Peer Mortgage Data: Western Region.

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

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: TEXAS		Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2008				
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	
<b>Full Review:</b>																		
Harlingen AA	258	18.43	2.64	1.55	27.68	21.71	34.31	41.47	35.37	35.27	1.44	0.41	1.62	1.94	1.22			
Houston AA	136	9.71	5.78	2.94	27.01	30.88	26.81	22.79	39.72	43.38	0.04	0.04	0.06	0.04	0.04			
McAllen AA	440	31.43	0.00	0.00	19.52	21.36	42.48	48.86	38.00	29.77	1.16	0.00	1.36	1.86	0.64			
<b>Limited Review:</b>																		
Austin AA	38	2.71	4.71	7.89	17.96	15.79	37.32	15.79	39.88	60.53	0.03	0.09	0.02	0.02	0.05			
Corpus Christi AA	151	10.79	13.65	13.91	24.87	29.14	34.86	31.79	26.62	25.17	0.85	0.95	1.07	0.87	0.76			
Dallas AA	48	3.43	6.58	2.08	31.09	56.25	32.88	33.33	27.76	8.33	0.03	0.02	0.07	0.03	0.01			
Del Rio AA	18	1.29	0.00	0.00	64.89	83.33	18.52	0.00	16.59	16.67	0.35	0.00	0.64	0.00	0.00			
Eagle Pass AA	43	3.07	1.86	2.33	86.94	83.72	11.20	13.95	0.00	0.00	1.88	0.00	2.21	0.72	0.00			
El Paso AA	14	1.00	8.59	14.29	30.62	50.00	25.68	14.29	35.11	21.43	0.04	0.07	0.07	0.04	0.02			
Ft Worth AA	9	0.64	4.03	0.00	25.29	33.33	35.77	33.33	34.90	33.33	0.01	0.00	0.01	0.01	0.01			
Laredo AA	178	12.71	5.85	1.12	21.46	16.85	21.46	19.10	51.23	62.92	1.19	0.43	1.32	1.41	1.19			
San Antonio AA	51	3.64	2.26	0.00	31.53	50.98	29.05	23.53	36.92	25.49	0.06	0.00	0.12	0.04	0.03			
Starr County AA	16	1.14	55.49	43.75	44.51	56.25	0.00	0.00	0.00	0.00	0.46	0.48	0.51	0.00	0.00			

\* Based on 2007 Peer Small Business Data: US and PR.

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

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS												GEOGRAPHY: TEXAS		Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2008			
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*						
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp		
<b>Full Review:</b>																	
Harlingen AA	22	30.14	0.22	0.00	9.03	22.73	57.49	54.55	33.26	22.73	7.37	0.00	8.00	9.91	4.62		
Houston AA	0	0.00	4.10	0.00	20.44	0.00	34.44	0.00	40.86	0.00	0.00	0.00	0.00	0.00	0.00		
McAllen AA	40	54.79	0.00	0.00	13.57	10.00	55.54	60.00	30.89	30.00	7.08	0.00	2.53	9.49	7.32		
<b>Limited Review:</b>																	
Austin AA	0	0.00	2.40	0.00	17.75	0.00	46.23	0.00	33.62	0.00	0.00	0.00	0.00	0.00	0.00		
Corpus Christi AA	3	4.11	7.69	0.00	16.86	100.00	40.59	0.00	34.86	0.00	1.96	0.00	12.00	0.00	0.00		
Dallas AA	0	0.00	5.04	0.00	30.02	0.00	34.96	0.00	29.24	0.00	0.00	0.00	0.00	0.00	0.00		
Del Rio AA	0	0.00	0.00	0.00	67.19	0.00	20.31	0.00	12.50	0.00	0.00	0.00	0.00	0.00	0.00		
Eagle Pass AA	1	1.37	21.05	0.00	68.42	100.00	10.53	0.00	0.00	0.00	7.14	0.00	11.11	0.00	0.00		
El Paso AA	0	0.00	2.66	0.00	35.03	0.00	24.17	0.00	38.14	0.00	0.00	0.00	0.00	0.00	0.00		
Ft Worth AA	0	0.00	2.47	0.00	19.05	0.00	39.59	0.00	38.89	0.00	0.00	0.00	0.00	0.00	0.00		
Laredo AA	1	1.37	2.50	0.00	13.75	0.00	30.63	0.00	53.13	100.00	0.00	0.00	0.00	0.00	0.00		
San Antonio AA	0	0.00	1.48	0.00	24.87	0.00	27.37	0.00	46.05	0.00	0.00	0.00	0.00	0.00	0.00		
Starr County AA	6	8.22	47.73	16.67	52.27	83.33	0.00	0.00	0.00	0.00	0.98	2.70	0.00	0.00	0.00		

\* Based on 2007 Peer Small Business Data: US and PR.

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

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: TEXAS				Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2008					Market Share *				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *					
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Harlingen AA	347	18.79	23.75	3.61	16.04	9.51	17.82	11.80	42.40	75.08	2.37	2.70	4.22	2.23	2.24	
Houston AA	76	4.11	23.73	3.45	17.79	6.90	18.74	17.24	39.74	72.41	0.02	0.06	0.01	0.01	0.03	
McAllen AA	1,211	65.57	23.48	5.51	16.86	17.48	17.67	18.79	41.98	58.22	4.20	29.41	16.58	6.66	3.15	
<b>Limited Review:</b>																
Austin AA	10	0.54	19.50	20.00	17.87	10.00	22.46	10.00	40.17	60.00	0.00	0.00	0.00	0.00	0.00	
Corpus Christi AA	53	2.87	22.72	1.89	16.60	11.32	19.41	9.43	41.27	77.36	0.35	0.88	0.30	0.14	0.42	
Dallas AA	30	1.62	26.10	0.00	20.12	13.33	20.22	6.67	33.56	80.00	0.01	0.00	0.01	0.00	0.02	
Del Rio AA	3	0.16	28.03	0.00	18.35	0.00	20.41	33.33	33.21	66.67	0.15	0.00	0.00	0.00	0.21	
Eagle Pass AA	10	0.54	38.52	0.00	21.43	10.00	18.05	10.00	22.00	80.00	2.31	0.00	1.64	0.73	3.83	
El Paso AA	9	0.49	22.11	0.00	17.46	0.00	18.92	11.11	41.51	88.89	0.03	0.00	0.00	0.00	0.04	
Ft Worth AA	2	0.11	19.49	0.00	18.35	0.00	21.37	0.00	40.80	100.00	0.00	0.00	0.00	0.00	0.00	
Laredo AA	19	1.03	22.96	5.26	16.89	0.00	18.19	5.26	41.96	89.47	0.10	0.00	0.00	0.13	0.10	
San Antonio AA	58	3.14	22.01	32.76	18.14	22.41	20.22	6.90	39.63	37.93	0.02	0.00	0.01	0.00	0.03	
Starr County AA	19	1.03	51.01	33.33	19.87	33.33	13.68	22.22	15.45	11.11	3.83	22.22	6.45	3.23	1.23	

\* Based on 2007 Peer Mortgage Data: Western Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 10.9% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: TEXAS				Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2008					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Harlingen AA	14	25.45	23.75	7.14	16.04	7.14	17.82	21.43	42.40	64.29	0.59	1.49	0.67	0.67	0.42	
Houston AA	2	3.64	23.73	0.00	17.79	0.00	18.74	0.00	39.74	100.00	0.02	0.00	0.00	0.00	0.04	
McAllen AA	32	58.18	23.48	0.00	16.86	6.67	17.67	10.00	41.98	83.33	0.46	0.00	0.55	0.00	0.60	
<b>Limited Review:</b>																
Austin AA	0	0.00	19.50	0.00	17.87	0.00	22.46	0.00	40.17	0.00	0.00	0.00	0.00	0.00	0.00	
Corpus Christi AA	3	5.45	22.72	0.00	16.60	33.33	19.41	33.33	41.27	33.33	0.12	0.00	0.00	0.00	0.19	
Dallas AA	0	0.00	26.10	0.00	20.12	0.00	20.22	0.00	33.56	0.00	0.00	0.00	0.00	0.00	0.00	
Del Rio AA	0	0.00	28.03	0.00	18.35	0.00	20.41	0.00	33.21	0.00	0.00	0.00	0.00	0.00	0.00	
Eagle Pass AA	1	1.82	38.52	0.00	21.43	0.00	18.05	0.00	22.00	100.00	0.96	0.00	0.00	0.00	2.50	
El Paso AA	0	0.00	22.11	0.00	17.46	0.00	18.92	0.00	41.51	0.00	0.00	0.00	0.00	0.00	0.00	
Ft Worth AA	0	0.00	19.49	0.00	18.35	0.00	21.37	0.00	40.80	0.00	0.00	0.00	0.00	0.00	0.00	
Laredo AA	1	1.82	22.96	0.00	16.89	0.00	18.19	0.00	41.96	100.00	0.00	0.00	0.00	0.00	0.00	
San Antonio AA	1	1.82	22.01	0.00	18.14	0.00	20.22	0.00	39.63	100.00	0.02	0.00	0.00	0.00	0.04	
Starr County AA	1	1.82	51.01	0.00	19.87	100.00	13.68	0.00	15.45	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2007 Peer Mortgage Data: Western Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.6% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: TEXAS		Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2008				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*							
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Harlingen AA	40	19.61	23.75	0.00	16.04	5.00	17.82	15.00	42.40	80.00	0.66	0.00	0.00	0.60	0.72			
Houston AA	11	5.39	23.73	9.09	17.79	0.00	18.74	0.00	39.74	90.91	0.01	0.07	0.00	0.00	0.01			
McAllen AA	117	57.35	23.48	2.61	16.86	11.30	17.67	14.78	41.98	71.30	0.71	2.86	1.27	0.63	0.66			
<b>Limited Review:</b>																		
Austin AA	1	0.49	19.50	0.00	17.87	0.00	22.46	100.00	40.17	0.00	0.00	0.00	0.00	0.00	0.00			
Corpus Christi AA	12	5.88	22.72	8.33	16.60	25.00	19.41	0.00	41.27	66.67	0.28	0.00	0.43	0.00	0.35			
Dallas AA	4	1.96	26.10	0.00	20.12	50.00	20.22	0.00	33.56	50.00	0.01	0.00	0.03	0.00	0.01			
Del Rio AA	1	0.49	28.03	0.00	18.35	0.00	20.41	0.00	33.21	100.00	0.00	0.00	0.00	0.00	0.00			
Eagle Pass AA	5	2.45	38.52	0.00	21.43	0.00	18.05	0.00	22.00	100.00	1.15	0.00	0.00	0.00	2.46			
El Paso AA	0	0.00	22.11	0.00	17.46	0.00	18.92	0.00	41.51	0.00	0.00	0.00	0.00	0.00	0.00			
Ft Worth AA	1	0.49	19.49	0.00	18.35	0.00	21.37	0.00	40.80	100.00	0.01	0.00	0.00	0.00	0.01			
Laredo AA	4	1.96	22.96	0.00	16.89	0.00	18.19	0.00	41.96	100.00	0.08	0.00	0.00	0.00	0.11			
San Antonio AA	5	2.45	22.01	0.00	18.14	0.00	20.22	0.00	39.63	100.00	0.02	0.00	0.00	0.00	0.04			
Starr County AA	3	1.47	51.01	33.33	19.87	0.00	13.68	33.33	15.45	33.33	0.68	0.00	0.00	2.38	0.00			

\* Based on 2007 Peer Mortgage Data: Western Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.0% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: TEXAS		Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2008			
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	
<b>Full Review:</b>										
Harlingen AA	258	18.42	60.26	76.74	71.71	17.05	11.24	1.44	2.85	
Houston AA	137	9.78	68.35	70.07	60.58	16.79	22.63	0.04	0.10	
McAllen AA	440	31.41	62.66	73.18	70.91	16.36	12.73	1.16	2.26	
<b>Limited Review:</b>										
Austin AA	38	2.71	67.27	52.63	57.89	13.16	28.95	0.03	0.06	
Corpus Christi AA	151	10.78	67.16	70.20	76.82	11.92	11.26	0.85	1.68	
Dallas AA	48	3.43	67.38	43.75	62.50	16.67	20.83	0.03	0.04	
Del Rio AA	18	1.28	66.86	55.56	66.67	11.11	22.22	0.35	0.94	
Eagle Pass AA	43	3.07	66.58	72.09	60.47	11.63	27.91	1.88	3.24	
El Paso AA	14	1.00	67.05	71.43	35.71	28.57	35.71	0.04	0.07	
Ft Worth AA	9	0.64	65.60	44.44	33.33	11.11	55.56	0.01	0.00	
Laredo AA	178	12.71	66.72	72.47	80.90	12.92	6.18	1.19	2.55	
San Antonio AA	51	3.64	67.45	68.63	56.86	13.73	29.41	0.06	0.12	
Starr County AA	16	1.14	53.69	68.75	56.25	12.50	31.25	0.46	1.15	

\* Based on 2008 Peer Small Business Data: US and PR.

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

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

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 16.77% 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 1, 2006 TO DECEMBER 31, 2008			
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
<b>Full Review:</b>									
Harlingen AA	22	30.14	96.26	90.91	81.82	13.64	4.55	7.37	8.43
Houston AA	0	0.00	95.58	0.00	0.00	0.00	0.00	0.00	0.00
McAllen AA	40	54.79	91.26	57.50	67.50	12.50	20.00	7.08	7.09
<b>Limited Review:</b>									
Austin AA	0	0.00	96.86	0.00	0.00	0.00	0.00	0.00	0.00
Corpus Christi AA	3	4.11	97.55	100.00	33.33	0.00	66.67	1.96	2.65
Dallas AA	0	0.00	95.73	0.00	0.00	0.00	0.00	0.00	0.00
Del Rio AA	0	0.00	96.88	0.00	0.00	0.00	0.00	0.00	0.00
Eagle Pass AA	1	1.37	84.21	100.00	100.00	0.00	0.00	7.14	9.09
El Paso AA	0	0.00	95.57	0.00	0.00	0.00	0.00	0.00	0.00
Ft Worth AA	0	0.00	96.87	0.00	0.00	0.00	0.00	0.00	0.00
Laredo AA	1	1.37	94.38	100.00	0.00	100.00	0.00	0.00	0.00
San Antonio AA	0	0.00	96.93	0.00	0.00	0.00	0.00	0.00	0.00
Starr County AA	6	8.22	93.18	33.33	83.33	16.67	0.00	0.98	0.00

\* Based on 2008 Peer Small Business Data: US and PR.

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

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

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 26.03% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		GEOGRAPHY: TEXAS				Evaluation Period: SEPTEMBER 19, 2006 TO AUGUST 17, 2009			
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>									
Harlingen AA	0	0	2	1,001	1	1,001	3.29	0	0
Houston AA	0	0	2	1,107	2	1,107	3.64	0	0
McAllen AA	0	0	42	2,681	42	2,681	8.82	0	0
<b>Limited Review:</b>									
Austin AA	0	0	4	534	4	534	1.76	0	0
Corpus Christi AA	0	0	9	1,003	9	1,003	3.30	0	0
Dallas AA	0	0	6	1,074	6	1,074	3.53	0	0
Del Rio AA	0	0	0	0	0	0	0.00	0	0
Eagle Pass AA	0	0	2	9,000	2	9,000	29.60	0	0
El Paso AA	0	0	4	315	4	315	1.04	0	0
Ft Worth AA	0	0	1	250	1	250	0.82	0	0
Laredo AA	1	9,922	10	852	10	10,774	35.43	1	8,500
San Antonio AA	0	0	7	1,170	7	1,170	3.85	0	0
Starr County AA	0	0	1	1,500	1	1,500	4.93	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: SEPTEMBER 19, 2006 TO AUGUST 18, 2009																	
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
<b>Full Review:</b>																	
Harlingen AA	11.15	10	0.00	0.00	20.00	50.00	30.00	2	0	0	0	2	0	2.26	25.87	42.69	29.18
Houston AA	12.03	8	0.00	0.00	25.00	37.50	25.00	1	0	0	0	0	1	7.71	32.87	29.21	30.16
McAllen AA	41.43	18	0.00	0.00	16.67	61.11	22.22	0	0	0	0	0	0	0.00	29.73	48.29	21.98
<b>Limited Review:</b>																	
Austin AA	5.75	6	0.00	0.00	50.00	33.33	16.67	2	0	0	1	1	0	8.56	25.98	36.81	28.43
Corpus Christi AA	8.47	5	0.00	0.00	20.00	60.00	20.00	0	0	0	0	0	0	7.65	27.78	35.18	29.39
Dallas AA	6.38	3	0.00	0.00	33.33	33.33	33.33	0	0	0	0	0	0	11.31	37.04	30.75	20.90
Del Rio AA	0.13	1	0.00	0.00	0.00	100.0	0.00	1	0	0	0	1	0	0.00	62.26	21.45	16.28
Eagle Pass AA	2.37	1	0.00	0.00	100.0	0.00	0.00	1	0	0	1	0	0	2.36	87.13	10.51	0.00
El Paso AA	1.21	2	0.00	0.00	0.00	100.0	0.00	1	0	0	0	1	0	3.70	30.92	33.98	31.40
Ft Worth AA	0.16	1	0.00	0.00	100.0	0.00	0.00	1	0	0	1	0	0	6.03	26.43	35.58	31.96
Laredo AA	3.26	3	0.00	0.00	0.00	33.33	66.67	1	0	0	0	1	0	0.52	38.06	33.72	27.69
San Antonio AA	7.05	5	0.00	0.00	60.00	20.00	20.00	1	0	0	1	0	0	3.01	40.97	27.68	28.33
Starr County AA	0.31	1	0.00	100.0	0.00	0.00	0.00	1	0	1	0	0	0	60.07	39.93	0.00	0.00