



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

June 18, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Community Bank, National Association
Charter Number 22814**

**14200 Gulf Freeway
Houston, TX 77034**

**Comptroller of the Currency
Houston East Field Office
1301 McKinney Street, Suite 3401
Houston, Texas 77010**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated Satisfactory.

First Community Bank, National Association (FCB) has a satisfactory record of meeting community credit needs. This is based on the following:

- FCB's loan-to-deposit ratio (LTD) is good and has averaged 79% for this evaluation period. This ratio is consistent with competing banks within the Assessment Area (AA).
- A substantial majority of FCB's loans are within its AA.
- FCB has a reasonable penetration of loans to businesses of different sizes and individuals of different income levels, including low- and moderate-income.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA.
- There have been no complaints with respect to FCB's Community Reinvestment Act (CRA) performance.

DESCRIPTION OF INSTITUTION

First Community Bank, National Association is a \$424 million institution, as of December 31, 2003, headquartered in Houston, Texas. The bank is 100% owned by First Community Capital Corporation, a two-bank holding company located in Houston. The holding company recently converted a San Antonio branch into a separate national charter on May 21, 2004, which was after our review date. Total assets of the holding company as of December 31, 2003 were \$431 million. The bank had 15 banking branches as of year-end 2003.

The bank operates in a highly competitive environment with numerous community and large banks, credit unions and other financial services companies competing for market share. The bank has followed an aggressive growth strategy since opening in 1995 through a combination of internal growth, the opening of de novo branches, and acquisitions of other institutions. Growth has been accomplished from pursuing and creating competitive new products and services. First Community Bank has successively sought and obtained quality loan activity.

The institution's mission statement indicates their primary focus is "to develop banking relationships within the community it serves that will assist the residents and business owners in conducting their financial affairs and meeting their financial goals". First Community's primary lending products include commercial and residential real estate, other small business, and consumer loans. The bank provides non-deposit product services through its subsidiary, First Community Financial Services. Services offered by the subsidiary consist, in part, of securities brokerage activities, insurance sales, and retirement planning. The bank participates in government guaranteed small business loan programs. Gross loans outstanding as of December 31, 2003 equated to \$288 million, which represents 62% of total assets. There are no financial conditions or circumstances that impede the bank's ability to meet the credit needs of the community. The following table reflects a detailed breakdown of First Community's loan portfolio as of December 31, 2003.

Loan Type	Dollar Amount (000's)	% of Total Loans
Real Estate (RE) Nonfarm Nonresidential	149,344	48%
RE Construction	23,031	8%
RE Residential (1-4 family)	23,070	8%
RE Multifamily Residential	5,153	2%
RE Farmland	160	0%
Commercial and Industrial	65,577	21%
Consumer	22,638	7%
Other	17,841	6%
Agricultural Production	289	0%
Total	307,103	100%

DESCRIPTION OF FIRST COMMUNITY BANK'S ASSESSMENT AREA

The bank's assessment area (AA) as of December 31, 2003 consisted of census tracts in Harris, Galveston, Brazoria and Bexar counties. This area is made up of 117 census tracts, with 65 tracts in Harris County, 10 tracts in Galveston County, 13 tracts in Brazoria County, and 29 tracts in Bexar County.

According to the 1990 housing data as provided in the census, the 88 census tracts in the Houston area AA has a combined population of 452 thousand, consisting of 121 thousand families. Approximately 15% of the families are considered low-income, 16% are moderate-income and the remaining 68% are middle- and upper-income. The local economy is considered stable with an unemployment rate of 3%. The 2002 adjusted median family income in the Houston market AA was \$58,424. Specific 1990 demographic and economic data for the census tracts in the Houston market assessment area is listed below.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF HOUSTON ASSESSMENT AREA	
<i>Population</i>	
Number of Families	121,232
Number of Households	160,654
<i>Geographies</i>	
Number of MSAs	88
% Low-Income MSAs	1%
% Moderate-Income MSAs	23%
% Middle-Income MSAs	41%
% Upper-Income MSAs	29%
Not Applicable	6%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	37,081
2002 HUD-Adjusted MFI	58,424
<i>Economic Indicators</i>	
Unemployment Rate	3%
2002 Median Housing Value	66,781
% of Households Below Poverty Level	8%

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given its size, financial condition, and assessment area credit needs. The bank's quarterly average loan-to-deposit ratio since the prior CRA examination in October 1998 is 79%. The average loan-to-deposit ratio of similarly situated bank's within or contingent to the assessment area is 73%.

The quarterly average loan-to-deposit ratio for each similarly situated bank within or contingent to the assessment area is listed below:

Institution	Assets as of 12/31/03*	Average LTD Ratio %**
Moody National Bank	782,588	33.66
Omnibank, NA	302,573	102.86
Sterling Bank	3,110,091	88.12
Woodforest National Bank	1,309,278	66.68
First Community Bank, NA	468,078	78.64

* Asset size of institutions in thousands (000's)

** The average LTD ratio for the comparable banks is for the period from December 1999 through December 2003.

Lending in Assessment Area

A substantial majority of the bank's loans were made within its assessment area. In order to assess performance for these criteria, we reviewed: 14 commercial loans, 20 consumer loans, and 32 Home Mortgage Disclosure Act (HMDA) loans between October 1998 and December 2003. Our analysis determined that 86% of the number of loans and 94% of the dollar amount of loans in the sample were extended within the bank's assessment area. The breakdown by loan category is detailed in the following table:

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	13	93	1	7	14	1,933	96	74	4	2,007
Consumer	16	80	4	20	20	243	84	48	16	291
HMDA	28	88	4	12	32	1,008	93	80	7	1,088
Totals	57	86	9	14	66	3,184	94	202	6	3,386

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

FCB's loan portfolio reflects a reasonable distribution among individuals and families of various income levels (including low- and moderate-income) and businesses of different sizes within its assessment area. To conduct this analysis, we reviewed a sample of commercial, consumer-purpose, and residential real estate loans in the assessment area.

The bank's penetration of residential real estate loans to low-and moderate-income households is consistent with the family demographics within the assessment area. Based on 1990 Census information, 15% of AA families are low-income and 16% are moderate-income. Our review of HMDA reportable loans determined that 16% of residential loans real estate originated were extended to low-income families and 16% were extended to moderate-income families.

The following table reflects the results of our sample of residential real estate loans originated in FCB's assessment area.

Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	15	16	16	16	22	9	47	59

Our analysis reflects a reasonable penetration of consumer loans to low-and moderate-income households in the assessment area. Based on 1990 Census information, 32% of households in the AA are designated as low- and moderate-income. Our review determined that 15% of consumer loans were made to low- and moderate-income households. The distribution of consumer loans is below the income characteristics of the assessment area for low-and moderate-income households.

The following table reflects the results of our selected sample of consumer loans originated in the assessment area.

Borrower Distribution of Consumer Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	17	10	15	5	19	30	49	55

FCB originates a satisfactory number of commercial loans to small businesses with revenues less than \$1 million. FCB continues to focus on providing loans that will enhance the local economy. Of the loans in the commercial purpose sample, 57% of the number and 85% of the dollar volume were to businesses reporting annual revenues of less than or equal to \$1 million.

The following table reflects our analysis of our selected sample of commercial loans originated in the assessment area.

Borrower Distribution of Loans to Businesses				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71	5	24	100%
% of Bank Loans in AA by #	57	43	-0-	100%
% of Bank Loans in AA by \$	85	15	-0-	100%

Geographic Distribution of Loans

The geographic distribution of FCB’s loans is satisfactory given the demographics of the AA. Our analysis included a sample of consumer, commercial, and HMDA reportable loans originated between 1998 and 2002.

FCB’s geographic distribution of residential real estate and commercial loans is very good and is above the AA demographics of low-and moderate-income census tracts. Our analysis of the consumer loans indicated that the geographic distribution of consumer loans in low-income census tracts is consistent with the make-up of the bank’s AA. Of the 88 census tracts that are applicable to FCB’s AA, only one is designated as low-income. Consumer lending penetration in moderate-income census tracts is satisfactory.

The tables below reflect our sample review of the geographic distribution of loans in the assessment area.

Geographic Distribution of Residential Real Estate Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
HMDA	.1	16	15	16	41	9	45	59

Geographic Distribution of Consumer Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	17	0	15	13	19	31	49	56

Geographic Distribution of Loans to Businesses								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans
Commercial	.14	0	15	15	42	38	43	47

Responses to Complaints

FCB has received no complaints relating to CRA performance.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.