



SMALL BANK

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

PUBLIC DISCLOSURE

May 16, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Monahans
Charter Number 14623**

**307 South Main Street
Monahans, TX 79756**

**Comptroller of the Currency
Lubbock (West Texas)
5225 South Loop 289 Suite 108
Lubbock, TX 79424**

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 CRA RATING

This institution is rated Satisfactory.

First National Bank of Monahans (FNBM) has a satisfactory record of meeting the community credit needs. This conclusion is based on factors evaluated through review of bank records and samples of the bank's primary loan products. These factors are summarized below:

- FNBM's loan-to-deposit ratio is reasonable, averaging 82 percent since the last CRA examination. This level is reasonable given the bank's size, financial condition, and credit needs in the assessment areas.
- A substantial majority of FNBM's loans are to borrowers within the assessment areas.
- FNBM has a reasonable penetration of loans to borrowers across income levels and to small businesses with different revenue levels.
- The geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment areas.
- There have been no complaints regarding FNBM's performance under the CRA.

DESCRIPTION OF INSTITUTION

FNBM is an intrastate bank headquartered in Monahans, Texas. FNBM was chartered in 1949. The bank is wholly owned by Monahans Delaware Financial Corporation (MDFC), which is owned by First National Monahans Bancshares (FNMB). FNMB reported assets of \$203 million as of December 31, 2004.

The bank offers a full range of commercial banking products and related financial services through its branch network within West Texas. The bank provides access to banking services through its websites at www.fnbmonahans.com and www.texstarbank.com. Services include deposit account and loan balance inquiries, funds transfer, and bill payment services. The bank also has a telephone banking service called ACCESS 24 which offers account balance inquiries, funds transfer, verification of deposit account withdrawals and cleared checks, verification of certificate of deposit balances, loan balances, and automated teller machine (ATM) activity. FNBM's locations in Midland and Lubbock are known as TexStar Bank. FNBM's distribution network includes the main bank in Ward County (Monahans), two branches in Midland County, and one branch in Lubbock County. All locations have drive-up facilities and ATM's.

As of March 31, 2005, FNBM had total assets of \$208 million, with 75 percent in the loan portfolio. Although the bank is primarily a commercial lender, consumer, residential real estate, and agricultural loans are available. The following chart details a breakdown of FNBM's loan portfolio as of March 31, 2005.

Loan Portfolio Composition as of March 31, 2005		
Loan Category	\$ (000)	%
Commercial Real Estate	82,949	52.94%
Residential Real Estate	33,581	21.43%
Commercial and Industrial	25,791	16.46%
Consumer	11,197	7.15%
Agricultural Real Estate	2,289	1.46%
Agricultural	812	0.52%
Other	63	0.04%
Total	156,682	100.00%

Source: Report of Condition

There are no legal or financial impediments to FNBM's ability to help meet the credit, investment, and service needs of its assessment areas. FNBM's Tier 1 Capital level is \$18.3 million representing 8.92 percent of adjusted average assets as of March 31, 2005. The bank is financially capable of meeting almost any request for credit, subject to certain legal restrictions applicable to all national banks.

DESCRIPTION OF ASSESSMENT AREAS

FNBM has designated three assessment areas in West Texas. These areas meet the regulatory requirements of the Act as they are all whole geographies and do not reflect any illegal discrimination or arbitrarily exclude any low- or moderate-income geographies. The assessment areas are Midland County, Lubbock County, and Ward County. These counties contain all the bank's offices and comprise the area where the majority of the bank's loans are made. All three assessment areas were reviewed during this examination.

Description of the Midland County Assessment Area

This assessment area has two branch locations, both in the city of Midland. Midland is located in the northern portion of the county and is the county seat. Smaller communities also located within the assessment area include Spraberry and Greenwood. Specific 2004 demographic data and economic data for the assessment area is listed below:

Demographic and Economic Characteristics of Midland County AA	
Population	
Number of Families	31,158
Number of Households	42,751
Geographies	
Number of Census Tracts/BNA	27
% Low-Income Census Tracts/BNA	7.41
% Moderate-Income Census Tracts/BNA	22.22
% Middle-Income Census Tracts/BNA	40.74
% Upper-Income Census Tracts/BNA	29.63
Median Family Income (MFI)	
2000 MFI for AA	47,309
2004 HUD-Adjusted MFI	54,600
Economic Indicators	
Unemployment Rate	2.56
2004 Median Housing Value	74,413
% of Households Below Poverty Level	12.00

Source: 2000 Census data and HUD updated income data.

Based on 2000 Census data, the assessment area has a total population of 116,009. There are 48,060 total housing units, of which 62 percent are owner-occupied units, 27 percent are renter-occupied, and 11 percent are vacant. Approximately 5 percent of the families in the assessment area are considered low-income. Moderate-income families approximate 18 percent, while middle- and upper income families comprise the remaining 77 percent. Only 1,981 households, or approximately 5 percent, live in low-income census tracts. Moderate-income households comprise approximately 17 percent of the total. The economy of Midland County is tied closely to the oil and gas production industry, which currently benefits from the high oil prices on the world market. Sizable oil and gas reserves are located in the Permian Basin, and a number of oil companies and oil field service companies have a significant presence in the area. The primary employer is the local school district, but Key Energy Services and Basic Energy Services employ 2,072 and 1,500 persons respectively. Cingular Wireless, the local hospital, and Midland Junior College employ nearly 1,000 persons each.

Competition is strong in the assessment area. The county had 39 offices of 14 FDIC-insured financial institutions as of June 30, 2004. This includes federally and state chartered banks. There are also several credit unions and small loan companies that offer financial services.

An interview with an individual in the community noted that the local financial institutions are responsive in meeting the needs of local businesses, both in terms of funding and assistance through local groups to bring new businesses into the area. In addition, the individual noted that a strong trend in the oil and gas industry has resulted in a decline in the availability of rental housing. The current level of 250 homes available in the housing inventory is low compared to the typical level of 750 homes.

Description of Lubbock County Assessment Area

This assessment area has one branch located in the city of Lubbock. Lubbock is located at the center of the county and is county seat. Other small communities located in the assessment area include Idalou, New Deal, Shallowater, Slaton, and Wolfforth. Specific 2004 demographic data and economic data for the assessment area is listed below:

Demographic and Economic Characteristics of Lubbock County AA	
Population	
Number of Families	60,685
Number of Households	92,685
Geographies	
Number of Census Tracts/BNA	61
% Low-Income Census Tracts/BNA	1.64
% Moderate-Income Census Tracts/BNA	31.15
% Middle-Income Census Tracts/BNA	42.62
% Upper-Income Census Tracts/BNA	24.59
Median Family Income (MFI)	
2000 MFI for AA	40,724
2004 HUD-Adjusted MFI	47,000
Economic Indicators	
Unemployment Rate	2.93
2002 Median Housing Value	64,726
% of Households Below Poverty Level	18.00

Source: 2000 Census data and HUD updated income data.

Based on 2000 Census data, the assessment area has a total population of 242,628. There are 100,595 total housing units, of which 54 percent are owner-occupied units, 38 percent are renter-occupied, and 8 percent are vacant. Approximately 21 percent of the families in the assessment area are considered low-income. Moderate-income families approximate 18 percent, while middle- and upper income families comprise the remaining 61 percent. Only 1,494 households, or approximately 2 percent, live in low-income census tracts. Moderate-income households comprise approximately 27 percent of the total. The area economy is still heavily impacted by agriculture, either agriculture production or agriculture service businesses. However, the economy is well diversified with several major industries and employers. Lubbock’s largest employer is Texas Tech University. In addition, the local school districts and hospitals employ a significant number of individuals. Construction of housing is another major factor that currently helps drive the economy. The economic trend for the area is positive, and bank management believes that the economy will remain healthy for some time.

There is significant competition in Lubbock for both loans and deposits; with 18 other FDIC-insured financial institutions and a total of 75 other branches in the assessment area that accept deposits. There are also credit unions and small loan companies lending in the assessment area.

An interview with an individual in the community indicated that while there is improvement in the level of housing available for low- to moderate-income families, there needs to be even more housing provided for these groups.

Description of Ward County Assessment Area

The bank's headquarters is located in this assessment area in the city of Monahans. Monahans is located in the Northeast portion of Ward County and is the county seat. Other small communities located in the assessment areas include Wickett and Grandfalls. This is a non-MSA assessment area, and it has no low- to- moderate census tracts. Specific 2004 demographic data and economic data for the assessment area is listed below:

Demographic and Economic Characteristics of Ward County AA	
Population	
Number of Families	2,973
Number of Households	3,982
Geographies	
Number of Census Tracts/BNA	3
% Low-Income Census Tracts/BNA	0.00
% Moderate-Income Census Tracts/BNA	0.00
% Middle-Income Census Tracts/BNA	100.00
% Upper-Income Census Tracts/BNA	0.00
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	36,380
2004 HUD-Adjusted MFI	42,000
Economic Indicators	
Unemployment Rate	3.33
2002 Median Housing Value	74,413
% of Households Below Poverty Level	19.00

Source: 2000 Census data and HUD updated income data

The economy is tied primarily to oil field operations and services, and companies providing those oil field services are the primary employers. Due to the current upturn in the oil and gas industry, the

local economy in Ward County is expanding. Growth is noted primarily in those businesses that service oil field activities. The local school district is another significant employer. A local business that provides specialized garments or gear for military personnel employs approximately 140-160 persons. There is a low level of unemployment in the county. Due to the increase in population, available housing is limited. Bank management noted that approximately ten homes are currently under construction in Monahans.

Competition is limited to one other FDIC insured institution and two credit unions.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

FNBM's performance is satisfactory. Management has been successful in meeting the credit needs of the bank's assessment areas, including lending to small businesses and individuals of different income levels.

In selecting the bank's primary loan products for our analysis, we reviewed loan originations by dollar volume and number in each assessment area for 2003, 2004, year-to-date April 2005. We concluded that the primary loan product by dollar volume was commercial & industrial loans for Midland County and Ward County assessment areas and commercial real estate for the Lubbock assessment area. We also concluded that the primary loan product by number of loans was consumer loans for all three assessment areas.

Another factor that was considered in our analysis is the length of time branches have been in operation. FNBM entered the Midland and Lubbock markets since it's last CRA evaluation. The first branch in Midland was opened in 2001. The second branch in Midland was opened April 2003, and the Lubbock branch was opened August 2003. As such, lending performance in 2004 and year-to-date 2005 was given more consideration in the evaluation, as this time period was more reflective of actual performance in the assessment areas.

Loan-to-Deposit Ratio

The loan-to-deposit ratio of FNBM is reasonable given the bank's size, financial condition, and the credit needs of the assessment areas. The bank's quarterly average loan-to-deposit ratio was 82 percent since September 1999. The average loan-to-deposit ratio of similarly situated banks within the assessment areas for the same period was 73 percent. As of March 31, 2005, the bank's loan-to-deposit ratio was 82 percent.

The quarterly average loan-to-deposit ratio for each similarly situated bank in the assessment areas is listed below.

Loan-to-Deposit Ratios		
Institution	Assets \$(000's) (As of March 31, 2005)	Average Loan-to-Deposit Ratio
Community National Bank, Midland	351,331	63.59
West Texas National Bank, Midland	345,879	65.43
First Bank & Trust Company, Lubbock	278,421	80.58
American Bank of Commerce, Wolfforth	482,922	80.48
First National Bank of Monahans	207,721	82.39

Source: Institutions' Report of Condition

Lending in Assessment Area

FNBM exceeds the standard for satisfactory performance in this category as a substantial majority of the bank's loans are to borrowers within the bank's assessment areas. In order to assess performance for these criteria, we reviewed 138 consumer loans, 51 commercial loans, and 27 commercial real estate loans originated between January 2003 and April 2005. Our analysis determined that 84.7 percent of the number of loans and 87.2 percent of the dollar amount of loans in the sample were extended within the bank's assessment areas. The breakdown by loan category is illustrated in the following table:

Lending in the Assessment Areas								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000's)	%	#	%	\$ (000's)	%
Commercial Real Estate	23	85.2%	4,083	93.7%	4	14.8%	276	6.3%
Commercial	42	82.4%	2,946	80.8%	9	17.7%	702	19.2%
Consumer	118	85.5%	1,448	84.3%	20	14.5%	269	15.7%
Total Reviewed	183	84.7%	8,477	87.2%	33	15.3%	1,247	12.8%

Source: Sample of loans used for CRA performance analysis.

Selection of Assessment Areas for Full Scope Review

During this examination, we performed a full-scope review for all three of the bank's assessment areas. The following chart reflects the composition of the bank's total loans and deposit dollars by assessment area.

Assessment Area	% by Number of Loans	% of Deposits
Ward County	51.0%	35.9%
Midland County	29.3%	42.0%
Lubbock County	19.7%	22.1%
Total	100.0%	100.0%

Source: March 2005 Financial Information

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

FNBM's loan portfolio reflects a reasonable penetration among individuals and families of various income levels (including low- and moderate-income) and businesses of different sizes (including small business) within its assessment areas.

Midland County Assessment Area

FNBM is primarily a commercial lender in this assessment area. The bank also makes a significant number of loans for consumer purposes. To perform our analysis, we reviewed income information of 21 commercial-purpose loans and 46 consumer loans in this assessment area.

Lubbock County Assessment Area

FNBM is primarily a commercial lender in this assessment area, specifically commercial real estate. The bank also makes a significant number of loans for consumer purposes. To perform our analysis, we reviewed income information of 23 commercial real estate loans and 49 consumer loans in this assessment area.

Ward County Assessment Area

FNBM is primarily a commercial and consumer lender in this assessment area. To perform our analysis, we reviewed income information of 21 commercial-purpose loans and 23 consumer loans in this assessment area.

Commercial Loans – Our analysis reflects an excellent penetration of loans to small businesses (revenues less than or equal to \$1 million) in the Midland County assessment area. Based on 2004 Business Demographic Data, 64 percent of businesses in the assessment area reported revenues less than or equal to \$1 million. Of the loans in the commercial loan sample, 100 percent were to businesses reporting annual revenues below \$1 million. The following chart reflects the results of our selected sample of commercial loans originated in this assessment area.

Distribution of Loans to Businesses in Midland County Assessment Area			
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Revenues Unreported
% of AA Businesses	64.1%	5.6%	30.3%
% of Bank Loans in AA by #	100.0%	0.0%	0%
% of Bank Loans in AA by \$	100.0%	0.0%	0%

Source: Loan sample 2004-5; Dunn and Bradstreet data

Our analysis reflects an excellent penetration of loans to small business (revenues less than or equal to \$1 million) in the Lubbock County assessment area. Based on 2004 Business Demographic Data, 65 percent of businesses in the assessment area reported revenues less than or equal to \$1 million. Of the loans in the commercial real estate sample reviewed in this assessment area, 100 percent were to businesses reporting annual revenues below \$1 million. The following chart reflects the results of our selected sample of commercial loans originated in this assessment area.

Borrower Distribution of Loans to Businesses in Lubbock County Assessment Area			
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Revenues Unreported
% of AA Businesses	65.0%	4.9%	30.1%
% of Bank Loans in AA by #	100.0%	0.0%	0.0%
% of Bank Loans in AA by \$	100.0%	0.0%	0.0%

Source: Loan sample 2004-5; Dunn and Bradstreet data.

In performing our analysis of income distribution for business loans in the Ward County assessment area, there were a significant number of loans that did not have revenue information collected. As a proxy to determine the size of business we utilized the dollar size of the loans originated. Our analysis shows a significant number of the loans originated, 95 percent, were for amounts \$250 thousand or less. In addition, the total dollar volume of loans originated at \$250 thousand or less equaled over half at 53 percent. There were no loans over \$1 million. This information supports the conclusion that FNBM's lending to small businesses in the Ward County assessment area is reasonable and reflects satisfactory penetration. The following chart reflects the results of our analysis of commercial loans in this assessment area.

Borrower Distribution of Loans to Businesses by Loan Size in Ward County				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans (000's)	Percent of Dollar Volume
\$0 - \$100	17	81.0%	525	24.6%
\$100 - \$250	3	14.3%	612	28.6%
\$250 - \$500	0	0.0%	0	0.0%
\$500 - \$1,000	1	4.8%	1,000	46.8%
Over \$1,000	0	0.0%	0	0.0%

Source: Loan sample 2004-5.

Consumer Loans – Our analysis reflects excellent penetration of consumer loans to low- and moderate-income households in the Midland County assessment area. Based on 2000 Census Information, 35.2 percent of households in the assessment area are low- and moderate income. Our review determined that 57.9 percent of consumer loans made were to low- and moderate-income households. In addition, the 2003 sample information reflects excellent penetration also in the low- and moderate-income households with 50 percent of the sample made to this group. The distribution of consumer loans exceeds the income characteristics of the assessment area for low- and moderate-income households. The following chart reflects the results of our 2004-5 sample of consumer loans originated in this assessment area.

Borrower Distribution of Consumer Loans in Midland County Assessment Area								
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	20.2%	31.6%	15.0%	26.3%	17.7%	21.1%	47.2%	21.1%

Source: Loan sample 2004-5; U.S. Census data.

Our analysis reflects a reasonable penetration of consumer loans to low- and moderate-income households in the Lubbock County assessment area. Based on 2000 Census Information, 40.7 percent of households in the assessment area are low- and moderate income. Our review determined that 30.7 percent of consumer loans made were to low- and moderate-income households. The bank's lower level of lending compared to the demographics of the assessment area is due to several factors. First, the branch is located in an upper income census tract and not near low- and moderate-income census tracts. Persons in low- and moderate areas would not find the bank's location convenient for obtaining consumer loans. In addition, this branch has only been in operation since August 2003. Based on the demographics of the assessment area and the bank's location, it is not reasonable to expect a new branch to achieve penetration in the low- and moderate-income areas in such a short time period. However, our analysis does show significant improvement in both the number and dollar volume originated in 2004-5 when compared to 2003. For example, the number of consumer loans to low- and moderate- income households increased from 22.7 percent in 2003 to 30.8 percent in 2004-5. And the dollar volume of consumer loans to low- and moderate-income households increased from 11.3 percent in 2003 to 35.9 percent in 2004-5. The following chart reflects the results of our 2004-5 sample of consumer loans originated in this assessment area.

Borrower Distribution of Consumer Loans in Lubbock County Assessment Area								
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	24.5%	19.2%	16.2%	11.5%	17.5%	11.5%	41.8%	57.7%

Source: Loan sample 2004-5; U.S. Census data.

As stated earlier in the analysis of business loans for Ward County assessment area, there was also insufficient income information in file for the sample of consumer loans. As a proxy to determine the income level of borrowers, we analyzed the number of small dollar size consumer loans originated in both 2003 and 2004-5. Our analysis indicated that in 2003, consumer loans originating at \$1,000 or less and \$2,500 or less equaled 23 percent and 50 percent, respectively. For 2004-5, the percentages were 25 percent and 52 percent, respectively. In addition, the bank routinely makes consumer loans for as little as \$200. Low- and moderate-income households would typically seek out and qualify for smaller balance consumer loans. Since a significant amount of consumer loans originating in the assessment area were of small dollar size, it is reasonable to conclude that the bank is making satisfactory efforts to serve the needs of the low- and moderate-income households in this assessment area.

Geographic Distribution of Loans

A geographic distribution analysis was performed only on the Midland County and Lubbock County assessment areas, as the Ward County assessment area does not have any low- or moderate-income census tracts. The geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment areas.

FNBM's geographic dispersion of small business loans in low- or moderate-income areas exceeds the demographic composition of the Midland County assessment area. Based on 2000 Census information, 36.7 percent of businesses were located in low- and moderate income census tracts. Our review determined that 54.6 percent of business loans made were located in low- and moderate-income census tracts. Performance for 2003 was consistent with these findings, given that the bank's second branch in this assessment area was opened during 2003. The following chart reflects the results of our 2004-5 sample of business loans originated in this assessment area.

Geographic Distribution of Loans to Businesses in Midland County Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	5.7%	36.4%	31.0%	18.2%	37.1%	27.3%	26.2%	18.2%

Source: Loan sample 2004-5; Dunn & Bradstreet data.

Our analysis indicated that the geographic dispersion of consumer loans in low- and moderate-income areas is reasonable based on the bank's business strategy and locations in the Midland County assessment area. Based on 2000 Census information, 21.8 percent of households are located in low- and moderate-income areas. Our review determined that 9.5 percent of consumer loans were made in low- and moderate-income areas. The bank's lower level of lending compared to the demographics of the assessment area is due to several factors. First, the number of households in low-income areas is low; there are only two census tracts in this category accounting for a very low percentage of households. There were no low-income census tracts for the assessment area in 2003. In addition, the age and location of the branches likely impact the performance since the one branch located in a low- or moderate-income area was recently opened in April 2003. This branch is also located in downtown Midland, whose location is geared more towards small business loans. Performance in 2003 was consistent with this conclusion. The following chart reflects the results of our 2004-5 sample of consumer loans originated in this assessment area.

Geographic Distribution of Consumer Loans in Midland County Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	4.6%	0.0%	17.2%	9.5%	44.6%	47.6%	33.6%	42.9%

Source: Loan sample 2004-5; U.S. Census data.

Our analysis indicated that the geographic dispersion of small business loans in low- and moderate-income areas is reasonable based on the bank's business strategy and location in the Lubbock County assessment area. Based on 2000 Census information, 26.3 percent of households are located in low- and moderate-income areas. Our review determined that 8.3 percent of consumer loans were made in low- and moderate-income areas. The bank's lower level of lending compared to the demographics of the assessment area is due to several factors. There are very few businesses in the low-income census tracts. Also, the primary loan product of this location is commercial real estate, centered in construction loans for builders. The homes are primarily built in middle- or upper-income census tracts. Finally, the branch has only been in operation since August 2003 and is located in an upper income-area census tract. Based on the demographics of the assessment area and the bank's location, it is not reasonable to expect a new branch to achieve penetration in the low- and moderate-income areas in such a short time period. The following chart reflects the results of our 2004-5 sample of business loans originated in this assessment area

Geographic Distribution of Loans to Businesses in Lubbock County Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	1.0%	0.00	25.3%	8.3%	43.6%	33.3%	30.2%	58.3%

Source: Loan sample 2004-5; Dunn and Bradstreet data.

Our analysis indicated that the geographic dispersion of consumer loans in low- and moderate-income areas is reasonable based on the bank's business strategy and location in the Lubbock County assessment area. Based on 2000 Census information, 29.7 percent of households are located in low- and moderate-income areas. Our review determined that 22.2 percent of consumer loans were made in low- and moderate-income areas. This amount is not significantly below the demographics of the assessment area. However, lending in the low-income census tracts does exceed the demographics for these areas. The following chart reflects the results of our 2004-5 sample of consumer loans originated in this assessment area.

Geographic Distribution of Consumer Loans in Lubbock County Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	1.6%	14.8%	28.1%	7.4%	44.4%	18.5%	26.0	18.5%

Source: Loan sample 2004-5; U.S. Census data.

Responses to Complaints

There were no complaints received by the bank regarding their performance under the CRA.

Fair Lending or Other Illegal Credit Practices Review

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