

LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act
Performance Evaluation

South Texas National Bank of Laredo
Charter Number: 16686

2211 Guadalupe
Laredo, TX 78042

Office of the Comptroller of the Currency

ADC- Midsize Banks - Blue
440 South LaSalle Street 2700
Chicago, IL 60605

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

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Overall CRA Rating

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

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

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- STNB has demonstrated good responsiveness to the credit needs of the communities and assessment areas (AAs) served. This assessment is supported by a good volume of home mortgage, small business, and consumer loans in both the Laredo MA AA and the Maverick County AA.
- Over 90 percent of the bank’s small business, home purchase, home improvement, and refinance loans were originated within its AAs.
- The geographic distribution of loans is good. This assessment is supported by good distribution within both the Laredo MA AA and Maverick County AA.
- The distribution of loans by borrower income level and to small businesses is good. This assessment is supported by a good distribution of home mortgage related loans and excellent distribution of small business loans in both the Laredo MA AA and Maverick County AA.
- Service delivery systems are reasonably accessible to individuals of different income levels and to all portions of the bank’s AAs.
- STNB has a good level of qualified community development investments given its resources and capacity.
- The bank has provided an adequate level of community development services to target identified community needs.

Definitions and Common Abbreviations

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

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

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

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

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

Community Development (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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

South Texas National Bank (STNB) is a community intrastate bank headquartered in Laredo, Texas. As of June 30, 2003, STNB reported total assets of \$635 million. STNB is a majority-owned subsidiary of Laredo National Bancshares, Inc. (LNBI), a multi-bank (two) holding company. As of June 30, 2003, LNBI reported total assets of \$3.5 billion. STNB's only affiliate is the other bank subsidiary of the holding company, The Laredo National Bank (LNB), a midsized bank also based in Laredo.

STNB operates its main office and two full-service branches in the city of Laredo (Webb County), three full-service branches in the city of Eagle Pass (Maverick County), and three full-service branches in the city of Del Rio (Val Verde County). In addition, STNB operates twelve proprietary ATMs that include one at each branch, two at the Laughlin Air Force Base in Del Rio, and one in an Eagle Pass convenience store.

STNB has defined an AA for each of the three communities in which they operate. Two of the AAs are comprised of counties instead of whole Metropolitan Areas (MAs). The stated AAs include the Laredo MA, Maverick County (a non-metropolitan area), and Val Verde County (a non-metropolitan area). The AAs defined by the bank do not arbitrarily exclude low or moderate-income geographies, do not exclude people by race or any other prohibited basis, and overall meets the requirements of the CRA regulation.

STNB holds approximately 6 percent of all deposits in the Laredo MA (as of June 30, 2001) and ranks fourth out of eleven deposit taking institutions. The market is dominated by STNB's affiliate, The Laredo National Bank (LNB), with 40 percent of the deposits. Another locally headquartered mid-size bank, International Bank of Commerce, has 33 percent. In addition to commercial banks, STNB faces intense competition from numerous finance companies, mortgage companies, and credit unions throughout the Laredo MA. STNB holds approximately 12 percent of all deposits in Maverick County (as of June 30, 2001) and ranks third out of six deposit taking institutions. Deposit market share information was not available for STNB in Val Verde County, since they entered this market after the most recent publication of deposit market share data.

As of June 30, 2003, STNB reported a loan-to-deposit ratio of 53 percent with net loans of \$294 million and total deposits of \$547 million. The bank's tier one capital ratio was 6.4 percent. The loan portfolio includes real estate loans (60 percent), commercial loans (25 percent), and consumer loans (15 percent). The real estate loan portfolio is primarily comprised of commercial and 1 to 4 family residential loans. Agricultural loans comprise less than 1 percent of total loans.

Since our last evaluation in 1998, the bank has grown significantly. Most of the growth was the result of acquisitions. STNB acquired Del Rio National bank in 2001. The acquisition included the main banking facility and two branches in Del Rio, one branch in Eagle Pass, and a loan production office (LPO) in San Antonio, TX. In addition, STNB purchased a branch in Eagle Pass from the Houston based Sterling Bank in 2001. Both banks were merged into STNB. The San Antonio LPO was closed during the latter part of the CRA evaluation period. Between September 30, 1997 and June 30, 2003, the bank's total assets increased from \$197 million to \$635 million and the number of branches in operation increased from two to eight.

A large percentage of STNB's deposits and loans are derived from international customers. STNB's primary strategy is to serve the commercial and private banking needs of these customers, along with the large Hispanic populations in the domestic markets in which it operates.

There are no legal or financial barriers to STNB's ability to meet the credit, investment, and service needs of its AAs. The bank is financially capable of meeting almost any request for credit, subject to certain legal restrictions applicable to all national banks.

STNB's CRA performance was last evaluated on March 20, 1998, at which time the bank was rated "Satisfactory." A review of the Office of the Comptroller of the Currency (OCC) records and the bank's CRA Public File did not reveal any complaints relating to the bank's CRA performance.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. In evaluating the bank's lending performance, we reviewed their residential mortgage loans subject to filing under HMDA, small loans to businesses and consumer loans. We evaluated loans originated between January 1, 1998 and December 31, 2002.

The evaluation period for investments, services and community development (CD) lending was from January 1, 1998 to September 8, 2003. The Investment Test conclusions are based on an evaluation of investments, grants, and donations made in the bank's AAs that meet the definition of community development. The Service Test included an evaluation of branch distribution within the AAs, hours of operation, the impact of any branch opening and closings, the availability of alternative delivery systems, the types of retail and commercial deposit products, types of loan products and services, and community development services.

Data Integrity

Prior to this CRA examination, OCC personnel performed a review to verify the accuracy of data made available to the public in accordance with the Home Mortgage Disclosure Act (HMDA) and the CRA regulation. During these reviews we analyzed a sample of small business and home mortgage loans to ensure the accuracy of data upon which our evaluation relied. We compared information in publicly filed data to information in the bank's files to determine reliability. Our review revealed that the publicly available information was accurate and reliable. We also reviewed a sample of investments and services to determine that they qualified under the regulatory criteria for community development. There were no CD loans reported during the evaluation period.

Selection of Areas for Full-Scope Review

We performed a full-scope review of the Laredo MA AA, since this area represents 56 percent of the bank's deposits, 79 percent of CRA reportable loans, and 33 percent of the bank's branch network during the evaluation period. We also selected the Maverick County non-MA AA for a full scope review, since this area contained the next largest volume of CRA reportable loans at 17 percent. Also, this AA is significant to the bank's overall CRA performance because STNB has three branches, or 33 percent of the bank's branches in the AA. A limited-scope review was conducted in the Val Verde County AA. Refer to the table in Appendix A for more information.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. Overall conclusions were weighted heavier in the Laredo MA AA since this area accounts for the majority of deposits and CRA reportable loans.

In our assessment of the lending test, the bank's home improvement loans and loans to small businesses performance was significant to the rating assigned, since they comprise a large portion of eligible CRA loans reported by the bank during the evaluation period.

Consumer loans were also evaluated at the bank's request. The bank's consumer loan performance did not have a material impact on the bank's overall CRA performance. Table 13 details the Geographic and Borrower Distribution of Consumer Loans in the Public Evaluation.

As noted earlier, STNB did not make any CD loans during this evaluation period. Also the geographic distribution of multifamily loans and the geographic and borrower distribution of small loans to farms are not relevant due to the small volume of loans originated or purchased during the evaluation period. Therefore an analysis of CD lending, the geographic distribution of multifamily loans, and the geographic and borrower distribution of small loans to farms have been eliminated from this Public Evaluation.

Other

We received information from three community contacts during this examination for the Laredo MA AA. The types of organizations contacted include an affordable housing organization, a CD agency, and a city administrator. Community contacts revealed that there are limited opportunities in the bank's AAs to participate in CD lending and investment activities. However, various opportunities exist to participate in CD service activities. All of the contacts identified affordable housing as the most critical need in the Laredo MA. This is directly attributed to the high cost of housing coupled with the very low median income and high poverty rate in Webb County. As a result, several financial institutions have partnered with nonprofit and city organizations to provide affordable housing in the County. Another identified need is small business micro lending and start up counseling for small businesses.

Fair Lending Review

An analysis of the most recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on analysis of this information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation. The last comprehensive fair lending exam was performed concurrent with our last CRA evaluation completed in 1998.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "**HIGH SATISFACTORY.**" Based on full-scope reviews, the bank's performance is good in the Laredo MA and Maverick County AAs.

Lending Activity

STNB's lending activity demonstrates good responsiveness to the credit needs of the Laredo MA and Maverick County AAs considering its size, resources, and primary business focus.

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

Laredo MA AA

Lending volume in the Laredo MA AA is good. STNB's home improvement loan market share (33 percent) significantly exceeds its deposit market share (6 percent) in the Laredo MA AA. Also, its loan market share to small businesses (5.43 percent) substantially meets its deposit market share (6 percent). The bank's home purchase and refinance loan market share is below its deposit market share. However, STNB competes with 114 institutions for home purchase loans and 106 institutions for home refinance loans compared to only 21 institutions involved in home improvement and 42 making small business loans. This increased competition significantly dilutes market share for home purchase and home refinance loans.

Maverick County AA

Lending volume in the Maverick County AA is good. STNB's home improvement market share (22 percent) significantly exceeds its deposit market share (12 percent) in the Maverick County AA. The bank's home purchase (1.3 percent), home refinance (7.3 percent), and small loans to businesses (4.3 percent) market share is below its deposit market share. However, STNB competes with approximately 50 institutions for home purchase loans and home refinance loans compared to only 9 institutions involved in home improvement and 23 small business lenders. This increased competition significantly dilutes market share for home purchase and home refinance loans.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans is good. This is based on the good distribution of loans in both the Laredo MA AA and Maverick County AA. The geographic distribution analysis of the Laredo MA AA focused on performance in moderate-income census tracts, since there are no census tracts designated as low-income.

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.

Laredo MA AA

In assessing performance of the geographic distribution of loans by income level, home improvement lending is significant to the bank's performance because this is the primary mortgage product for the bank in this AA. Home improvement loans account for approximately 70 percent of the home mortgage loans made during the evaluation period. We also judged performance in the context of demographic information that is unique to the Laredo MA. Approximately 48 percent of the households that live in moderate-income census tracts have incomes below the poverty level. The high poverty rate, coupled with the high cost of housing in Laredo, presents obstacles to borrowers trying to purchase a home. These issues were considered when deriving conclusions on performance.

The geographic distribution of home purchase loans is good after considering the performance context issues previously discussed. The percentage of home purchase loans in moderate-income census tracts is below the percentage of owner-occupied units in those geographies. However, the bank's market share in moderate-income geographies exceeds its overall market share.

The geographic distribution of home improvement loans is excellent. The percentage of home improvement loans in moderate-income geographies is near to the percentage of owner-occupied units in those geographies. The bank's market share in moderate-income geographies is higher than its overall market share for this product type. STNB ranks number one among all lenders for overall market share in moderate-income census tracts at almost 38 percent.

The geographic distribution of refinance loans is excellent. The percentage of refinance loans in moderate-income geographies is near to the percentage of owner-occupied units in those geographies. The bank's market share in moderate-income geographies is higher than its overall market share for this product type.

Maverick County AA

In assessing performance for the distribution of loans by income level, home improvement lending is significant to the bank's performance because this is the primary mortgage product for the bank in this AA. Home improvement loans account for approximately 65 percent of the home mortgage loans made during the evaluation period.

The geographic distribution of home purchase loans is good. The percentage of home purchase loans in low-income census tracts exceeds the percentage of owner-occupied units in those geographies. However, the bank's market share in low-income census tracts is below its overall market share. The percentage of home purchase loans in moderate-income census tracts is below the percentage of owner-occupied units in those geographies. However, the bank's market share in moderate-income geographies is higher than its overall market share.

The geographic distribution of home improvement loans is good. The percentage of home improvement loans in low-income geographies is near to the percentage of owner-occupied units in those geographies. The bank's market share in low-income geographies substantially meets its overall market share. The percentage of home improvement loans in moderate-income geographies is below the percentage of owner-occupied units in those geographies. The bank's market share in moderate-income geographies substantially meets its overall market share for this product type. STNB ranks number two among all lenders for overall market share in low-and moderate-income census tracts with an overall market share that exceeds 20 percent for these geographies.

The geographic distribution of refinance loans is good. The percentage of refinance loans in low-income geographies is below the percentage of owner-occupied units in those geographies. The bank's market share in low-income geographies is lower than its overall market share. The percentage of refinance loans in moderate-income geographies exceeds the percentage of owner-occupied units in those geographies. Also, the bank's market share in moderate-income geographies exceeds its overall market share.

Small Loans to Businesses

The geographic distribution for small loans to businesses is good in both the Laredo MA AA and the Maverick County AA.

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.

Laredo MA AA

The geographic distribution of small business loans is good in the Laredo MA AA. STNB's percentage of small loans to businesses in moderate-income census tracts is near to the percentage of businesses located in moderate-income geographies. STNB's market share in moderate-income geographies exceeds its overall market share for this loan product.

Maverick County AA

The geographic distribution of small loans to businesses is good in Maverick County. The percentage of loans in low-income census tracts is near the percentage of businesses in low-income census tracts. However, the bank's market share in low-income census tracts is lower than its overall market share. The percentage of small loans to businesses located in moderate-income census tracts exceeds the percentage of businesses in moderate-income census tracts. Also, market share in moderate-income census tracts exceeds its overall market share for loans to small businesses in Maverick County.

Consumer Loans

Refer to Table 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases. The bank's geographic distribution of loans in both the Laredo MA AA and the Maverick County AA is adequate.

Laredo MA AA

Geographic distribution of other consumer loans is adequate. The percentage of consumer loans in moderate-income geographies is somewhat below the percentage of households in those geographies. Market share data is not available for this product type.

Maverick County AA

The geographic distribution of consumer loans is adequate. The percentage of consumer loans in low- and moderate-income geographies is a little below the percentage of households in those geographies. Market share data is not available for this product type.

Lending Gap Analysis

Analysis of home mortgage and small business lending activity in the Laredo MA AA and Maverick County AA revealed no unexplained conspicuous gaps in the distribution of loans in the AAs.

Inside/Outside Ratio

STNB has an excellent record of lending inside of its AAs. A substantial majority of loan originations are within defined AAs. For all loans reported, 92.9 percent of the number and 94.3 percent of the dollar volume were within the three AAs. The percentage of loans within the AA is greater than 90 percent for home purchase, home improvement, home refinance and small business loans.

Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by the income level of borrowers and to small businesses with revenues less than \$1 million is good. This is based on excellent performance for small business loans in both the Laredo MA AA and Maverick County AA and good performance for home mortgage lending in both AAs. Consumer loan distribution is also good.

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.

Laredo MA AA

In assessing performance for the distribution of loans by income level of the borrower, home improvement lending performance is significant because this is the primary mortgage product for the bank in this AA. Home improvement loans account for approximately 70 percent of the home mortgage loans made during the evaluation period. We also judged performance in the context of demographic information that is unique to the Laredo MA. The city of Laredo ranks as one of the least affordable areas in the United States for home ownership. Specifically, a large percentage of the population lives below the poverty level while home prices are relatively high. A few landowners control the bulk of available land for development in Laredo.

This has made the cost of land very expensive. Therefore, affordable housing is one of the most pressing needs in the Laredo MA AA. These issues were considered when deriving conclusions on performance.

STNB's distribution of home purchase loans by income level of borrowers is good. The percentage of home purchase loans to low-income borrowers is below the percentage of low-income families in the AA. Also, the bank's market share to low-income families is less than its overall market share. However, STNB's percentage of home purchase loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA, and the bank's market share to moderate-income borrowers exceeds its overall market share.

The bank's distribution of home improvement loans by income level of the borrowers is good. The percentage of home improvement loans to low-income borrowers is below the percentage of low-income families in the AA. However, the bank's market share to low-income families exceeds its overall market share. STNB's percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The bank's market share to moderate-income borrowers substantially meets its overall market share.

The bank's refinance distribution is poor. Although the bank's performance is not expected to meet the demographic comparables to be considered adequate, performance levels are well below the demographic benchmarks, especially to low-income borrowers. The percentage of refinance loans to low-income borrowers is well below the percentage of low-income families in the AA. Also, the bank's market share to low-income families is well below its overall market share. The percentage of refinance loans to moderate-income borrowers is below the percentage of moderate-income families in the AA. Also, the bank's market share to moderate-income borrowers is below its overall market share.

Maverick County AA

The bank's distribution of home loans is good. Home Improvement lending is significant to the bank's performance because this is the bank's largest mortgage related product in this AA. Maverick County has a high percentage of people living below the poverty level, 47.1 percent of families. A low-income level makes it very difficult to afford a home. Accordingly, a high number of people below the poverty level increases the difficulty in making mortgage related loans. We take this into consideration when analyzing performance.

STNB's distribution of home purchase loans by the income level of borrowers is adequate. The percentage of home purchase loans to low-income borrowers is below the percentage of low-income families in the AA. However, the bank's market share to low-income families exceeds its overall market share. STNB's percentage of home purchase loans to moderate-income borrowers is below the percentage of moderate-income families in the AA, and the bank's market share to moderate-income borrowers is below its overall market share.

The bank's distribution of home improvement loans by income level of borrowers is good. The percentage of home improvement loans to low-income borrowers is below the percentage of low-income families in the AA. The bank's market share to low-income borrowers is below its overall market share. However, the percentage of home improvement loans to moderate-

income borrowers exceeds the percentage of moderate-income families in the AA, and the bank's market share to moderate-income borrowers exceeds its overall market share.

The distribution of home refinance loans is poor. Although the bank's performance is not expected to meet the demographic comparables to be considered adequate, performance levels are well below the demographic benchmarks. The percentage of refinance loans to low-income borrowers is well below the percentage of low-income families in the AA. Also, the bank's market share to low-income families is well below its overall market share. The percentage of refinance loans to moderate-income borrowers is below the percentage of moderate-income families in the AA. Also, the bank's market share to moderate-income borrowers is below its overall market share.

Small Loans to Businesses

Small business lending performance is excellent.

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.

Laredo MA AA

The borrower distribution of loans to small businesses is excellent in the Laredo MA AA. STNB made a greater percentage of its reported small business loans to businesses with revenues of \$1 million or less than the percentage of businesses with revenues less than \$1 million within the AA. Also, the bank's market share of loans to small businesses significantly exceeds its overall market share for all business loans.

Maverick County AA

The borrower distribution of loans to small businesses is excellent in the Maverick County AA. STNB made a greater percentage of its reported small business loans to businesses with revenues of \$1 million or less than the percentage of businesses with revenues less than \$1 million within the AA. Also, the bank's market share of small loans to businesses significantly exceeds its overall market share.

Consumer Loans

The borrower distribution of consumer loans is good.

Refer to Table 13 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

Laredo MA AA

The borrower distribution of the bank's consumer loans is good. STNB's percentage of loans made to low-income borrowers is below the percentage of low-income households. The distribution to low-income borrowers is adequate considering income levels are very low and 34.5 percent of households live below the poverty level. The bank's distribution to moderate-

income borrowers is excellent. The percentage of loans made to moderate-income borrowers exceeds the percentage of moderate-income households.

Maverick County AA

The borrower distribution of the bank's consumer loans is good. STNB's percentage of loans made to low-income borrowers is below the percentage of low-income households. The distribution to low-income borrowers is adequate considering income levels are very low and 47 percent of households live below the poverty level. The bank's distribution to moderate-income borrowers is excellent. The percentage of loans made to moderate-income borrowers substantially meets the percentage of moderate-income households.

Product Innovation and Flexibility

STNB has not developed any innovative loan products. As such, assessment of product innovation and flexibility had a neutral impact on our rating of the lending test. However, STNB participated in Small Business Administration (SBA) loan programs that support small businesses and provide non-traditional access to credit. STNB is a preferred SBA lender and offers business loans guaranteed by the SBA through various lending programs. These programs include: the Low-Doc Program, SBA 504 Certified Development Company Loan Program, and the 7(m) Micro Loan Program. All of these programs offer flexible underwriting terms not offered through traditional bank credit programs. The number and dollar amount of loans originated under each program during the CRA evaluation period was not reported.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the lending test in the Val Verde County AA is not inconsistent with the bank's overall "High Satisfactory" performance under the lending test.

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

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "**High Satisfactory.**" Based on full-scope reviews, the bank's performance in the Laredo MA and Maverick County AAs is good.

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

Investments qualifying for CRA evaluation include investments, deposits, membership shares or grants that have as their primary purpose CD. STNB's qualifying investments are centered in debt or equity investments and donations with the primary purpose of affordable housing,

small business technical assistance, and CD services targeted to low- and moderate-income individuals and households. STNB's CD strategy is to seek out investment opportunities in affordable housing and CD services for low- and moderate-income individuals, as these are identified needs in the AA. The bank participates in investments, but has not lead any investment initiatives or participated in the creation of innovative or complex investments.

Community contacts revealed there are limited opportunities in the full-scope AAs to participate in investments and/or CD lending. The primary need identified by the community contacts was affordable housing. While there are some affordable housing initiatives in place, investment opportunities targeted towards affordable housing in the bank's AAs are limited.

The following highlights some of the bank's investments and describes how they meet community development needs.

Texas Corporation Tax Credit Fund - Low Income Housing Tax Credits

STNB made a \$500,000 equity investment in this partnership that owns and/or operates newly constructed or existing apartment complexes for low- and moderate-income tenants in the State of Texas. Each complex qualifies for low-income housing tax credits and some for the historic rehabilitation tax credit.

CRA Qualified Investment Fund

During the latter part of the CRA evaluation period, STNB purchased \$1.5 million of the Texas Department of Housing and Community Affairs Taxable Junior Lien SF Mortgage Revenue Bonds. The net proceeds of the bonds are used to make or acquire certain non-traditional single family mortgage loans, make multifamily mortgage loans, and to provide down payment assistance to eligible and/or very low-income first-time homebuyers for the purchase or development of homes located primarily in rural and border regions of the State of Texas.

Both investments (the Texas Corporation Tax Credit and CRA Qualified Investment Funds) serve a broader statewide or regional area that includes STNB's AA. The bank can receive credit for a CD activity that benefits low- and moderate-income individuals or geographies in a broader statewide or regional area that includes its AA; therefore, both investments are considered to be qualified investments.

Laredo Development Foundation (Small Business Development Corporation – SBDC)

This SBDC provides work and counseling for small business start-ups and business expansion in the Laredo MSA. STNB made a \$3,000 donation specifically earmarked to support the SBDC's outreach training program, to provide English to Spanish translations of these materials and provide additional library resources for small businesses.

Conclusions for Area Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the investment test in the Val Verde County AA is not inconsistent with the bank's overall "High Satisfactory" performance under the Investment Test. The bank made no qualified investments during the CRA evaluation period in Val Verde County; however, the bank made significant investments that serve a broader statewide or regional area that includes the Val Verde County AA.

Refer to Table 14 in appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service test is rated "**Low Satisfactory.**" Based on full-scope reviews, the bank's performance in the full-scope AA's 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.

Laredo MA AA

STNB'S service delivery systems are reasonably accessible to essentially all geographies and individuals of different income levels throughout the Laredo MA AA.

STNB operates three branches, each with drive-up facilities and ATM's. There are no branches or ATMs in the eleven moderate-income census tracts located in the AA. Approximately 43 percent of the population in the AA lives in moderate-income census tracts. The lack of branches in moderate-income geographies has not hampered STNB's efforts to reach low-and moderate-income families within the Laredo MSA, as evidenced by performance under the Lending Test portion of this Evaluation. STNB provides a reasonable range of services at all three offices. The bank has one branch in an upper-income tract that is adjacent to a moderate-income census tract. This makes accessibility easier for individuals residing in this particular tract. There are no low-income census tracts in the Laredo MSA AA.

STNB's record of opening and closing branches in the Laredo MSA has not adversely affected the accessibility of banking services. No bank branches have been closed during the evaluation period. One new branch was added that is located in an upper-income census tract.

Maverick County AA

STNB'S service delivery systems are reasonably accessible to essentially all geographies and individuals of different income levels throughout the Maverick County AA.

STNB operates three branches, each with drive-up facilities and ATM's. In addition, the bank operates one ATM that is not located at a branch. STNB has a branch location in a low, moderate, and middle-income geography. There are no upper-income census tracts in the Maverick County AA. The distribution of branches is adequate in low-income tracts, and excellent in moderate-income tracts given the AA's demographics. Sixty three percent of the population resides in low-income tracts. Moderate-income tracts account for 25 percent of the population. The branch located in a low-income tract is adjacent to two other low-income tracts and a moderate-income tract. The bank's branch located in the moderate-income tract is also adjacent to two low-income tracts. In addition, the AA's low- and moderate-income

tracts surround the branch in the middle-income tract. The central location of this branch facilitates the accessibility of banking services to the entire community.

STNB's record of opening and closing branches has improved the accessibility to banking services. Two additional branches and three ATMs were added in the AA since the last evaluation as a result of acquisitions. One branch is located in a low-income tract. As mentioned above, this makes banking services more readily available to individuals residing in that tract as well as adjacent tracts. No bank branches were closed during the CRA evaluation period.

Services common to both the Laredo MA AA and Maverick County AA

Alternative delivery systems include 24 non-proprietary ATMs operated by the bank's affiliate, Laredo National Bank, throughout the Laredo MA AA. STNB customers may access the affiliate's ATMs without a service fee. In addition, STNB offers telephone banking, bank-by-mail, and Internet banking. Banking information and services offered by telephone and Internet include balance inquiries, funds transfers, and check reorders. Customers can also report lost or stolen ATM cards and process a loan application by phone. Services are available in both English and Spanish.

STNB's hours, services, and products offered do not vary in ways that might inconvenience certain portions of the AAs. Banking hours are consistent throughout both full scope AAs. The "standard" lobby hours for the Laredo MA are 9am to 4pm Monday through Thursday, 9am to 6pm on Friday, and 9am to 1pm on Saturday. Drive-up hours are 8am to 6pm Monday through Friday and 9am to 1pm Saturday. Banking hours for the Maverick County non-MSA are 9am to 5pm Monday through Friday and 9am to 1pm on Saturday. Drive-up hours are 8am to 6pm Monday through Friday, and 9am to 1pm Saturday. All of STNB's ATMs are accessible 24-hours a day.

A variety of deposit and loan products, and business services, are available at all of the bank's locations. STNB offers a low cost checking account, *The Just Write Checking Account*, in an effort to reach the significant unbanked low- and moderate-income population. This checking account requires a \$100 minimum deposit to open, has no minimum balance requirement, and no monthly service charge. Additional benefits include the first order of 50 personalized checks free, unlimited check writing, a free VISA check card, and free online banking.

Community Development Services

STNB provides an adequate level of CD services in the full-scope AA's. This has a positive impact on the Service Test rating assigned to the bank.

STNB's CD service activities demonstrate the bank's commitment to its community primarily by providing technical assistance on financial and banking related matters. Certain bank employees possess good knowledge of community and economic development, community action, and affordable home loan programs. They participate in forums and meetings with government agencies and economic groups to identify CD opportunities. Officers of the bank participate in community outreach and financial education endeavors and are represented on local housing service boards.

The following are examples of the primary CD services provided by the bank.

Laredo MA AA

Laredo/Webb Neighborhood Housing Services, Inc.

This corporation is a non-profit organization established to create homeownership and combat community deterioration by strengthening and revitalizing Laredo area neighborhoods. STNB officers and employees regularly contribute their financial expertise and technical assistance to assist in the application for grants, the development of homebuyer counseling courses and the development of loan programs. Two bank officers serve on the Board of Directors and one holds the office of treasurer. Until recently, another officer served on the loan committee.

Laredo Development Foundation (LDF)/Small Business Development Corporation (SBDC)

STNB hosted and co-sponsored several small business seminars through the LDF and the SBDC. The forum provided presentations on steps to start your own business, planning for success, financial counseling and guidance, access to capital, alternative financing, and credit history education. Bank officers acted as special advisors and participated in presentations related to small business credit needs and officers provided loan application assistance. These presentations were targeted toward minority and small business owners.

Women-in-Business

STNB sponsored a seminar exploring opportunities for women entrepreneurs. The seminar was held in conjunction with the LDC, SBDC, Laredo Business Professional Women's Association, the Chamber of Commerce's Small Business Committee, and the U. S. Small Business Administration. The seminar focused on business and financial planning, SBDC resources, and access to capital. A STNB officer discussed details of preparing small business loan applications.

Maverick County AA

Small Business Development Corporation

STNB hosted and co-sponsored several small business seminars through the SBDC. Bank officers participated in presentations to inform participants of typical small business credit needs, provide loan application assistance, and discuss small business employment issues. These presentations were targeted toward minority and small business owners.

The community development services discussed above are responsive to credit and community development needs in STNB's AA's.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in the Val Verde County AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the Service Test.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/1998 to 12/31/2002 Investment and Service Tests and CD Loans: 01/01/1998 to 09/08/2003	
Financial Institution	Products Reviewed	
South Texas National Bank (STNB) Laredo, Texas	Home Mortgage Loans, Loans to Small Businesses and Consumer Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	Not Applicable	Not Applicable
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Laredo MSA Maverick County Non-MSA Val Verde County Non-MSA	"Full-Scope" "Full-Scope" "Limited-Scope"	None

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Laredo MSA	B-2
Maverick County	B-5

Laredo MSA

Demographic Information for Full-Scope Area: Laredo MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	24	0.00	45.83	33.33	20.84	0.00
Population by Geography	133,239	0.00	43.02	27.95	29.03	0.00
Owner-Occupied Housing by Geography	20,902	0.00	54.36	58.61	56.45	0.00
Businesses by Geography	10,163	0.00	29.63	31.60	38.77	0.00
Farms by Geography	106	0.00	23.58	26.42	50.00	0.00
Family Distribution by Income Level	29,735	24.63	16.66	16.54	42.17	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	12,279	0.00	52.78	30.45	16.77	0.00
Median Family Income	\$21,165				Median Housing Value	\$50,751
HUD Adjusted Median Family Income for 2002	\$32,200				Unemployment Rate	7.2%
Households Below the Poverty Level	34.54%					

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

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

The Laredo MSA is comprised of 24 census tracts in Webb County. Webb County is located in South Texas along the Mexico border. Laredo, the county's largest town and seat of government, is in the southwestern part of the county. International trade and tourism constitute the most important sector of the economy, with Laredo serving as a major gateway to Mexico.

Webb County is the 21st largest of the 254 counties in Texas with an estimated population of 193,117 in 2000. This represents a 45 percent increase from the 1990 census population of 133,239. Most of the population is located in the City of Laredo, which is located approximately 150 miles west of Corpus Christi, 170 miles southwest of San Antonio, and just across the Rio Grande River from Nuevo Laredo, Mexico. Other communities that make up the bank's AA include Bruni-Mirando City and El Cenizo. Approximately 94 percent of the population is Hispanic.

This population is comprised of 29,735 families, of which 40.33 percent, 28.36 percent, 31.31 percent are located in moderate-, middle-, and upper-income census geographies, respectively. There are no low-income geographies located in this AA. U.S. Highway 59 runs from east to west, effectively dividing the Laredo AA in half. The moderate-income tracts are concentrated in the west-central portion of the City of Laredo, south of Highway 59, and a large portion of northern Webb County. Upper-income tracts are concentrated in the northern portion of the City, north of Highway 59.

Of the AA families, 24.63 percent, 16.66 percent, 16.54 percent, and 42.17 percent report earning low-, moderate-, middle-, and upper-incomes respectively. Approximately 35 percent

of the population lives below the poverty level. This compares unfavorably to the state poverty population of 16 percent. A low-income family in Laredo has an income of less than \$16,150. Although 25 percent of the families in the Laredo MA are defined as low-income, no census tracts are defined as low-income. A substantial 53 percent of low-income families reside in moderate and 30 percent in middle-income census tracts. This distribution could distort the analysis of the geographic distribution of STNB's loan originations by census tracts.

Unemployment levels remain above the Texas and national averages. As of March 2002, Webb County reported an unemployment rate of 7.2 percent, which is higher than the statewide average of 5.6 percent. The retail, service, and government sectors account for the majority of the employers in Laredo. With the impact of NAFTA, transportation and communication businesses also play a major role. The economy of Laredo remains highly dependent on events that occur in Mexico. All of the above industries are impacted whenever the Mexico economy enters a declining period.

The Median Family Income (MFI) for Webb County was \$21,165 in 1990. This figure is used to determine the income level of each geography. Based on estimates by the Department of Housing and Urban Development (HUD), the adjusted MFI of \$32,200 was used to determine the borrowers' income levels for the Laredo MSA in 2002. This compares to HUD's 2002 adjusted MFI for all MSAs in the State of Texas of \$54,882, which provides some insight into the comparatively poor population in Laredo.

While the MFI is comparatively low, the median housing value in the Laredo MSA is high at approximately \$75,013. There is a definite mismatch between the financial ability of the residents of the Laredo MSA to purchase a home and the cost of a home. The National Association of Home Builders (NAHB) compiles an affordability index each quarter in an effort to quantify the affordability of homes by comparing median family incomes to the median sales prices of homes. For the first quarter of 2000, Laredo continued to be one of the twenty-five least affordable home markets nationwide. With a rating score of 179 being the least desirable; Laredo ranked 162. The elevated housing prices are attributed to high land costs resulting from Laredo's unique geography, control of land supply by a limited number of landowners, and the increase in the demand of land for development due to economic expansion as a result of NAFTA. Housing cost coupled with the low MFI negatively impacts the bank's ability to make affordable home mortgage products to low- and moderate-income families. As a result, affordable housing needs remain unmet in Laredo. Although the City of Laredo provides limited opportunities for bank participation, banks have partnered with Neighborhood Housing Services, Community Development Programs, and other non-profit housing developers to provide affordable housing.

After more than a decade of strong growth, Laredo's economic picture for the first two years of the 21st Century (2001 and 2002) has been mixed, but positive overall. Several international trade and commerce indicators (pedestrian and vehicle crossings, and air cargo gross landed weight) are down, while other indicators (truck and rail shipments) are up. Growth in local economic activity (construction, retail sales and employment) remains strong. After a decade of red-hot growth (30 percent per year), U.S and Mexico trade cooled off in 2001, declining 5.9 percent. Trade between the two countries is forecasted to decline 2.9 percent in 2002. Contributing to the drop in trade has been a sluggish U.S. economy beginning in late 2000, a decline in U.S. industrial production, and weak U.S. demand for imports. Mexico's economy posted negative growth in 2001, and production in the maquiladora industry sector declined

sharply, after eight years of strong growth. Since maquiladora shipments (imports and exports) account for roughly 60 percent of U.S.-Mexico merchandise trade, the industry's performance has a strong effect on trade between the two countries.

Local and cross-border retail sales constitute a major component of Laredo's economy. Retail sales account for over 50 percent of total sales, and provide income and employment opportunities to over a quarter of the area's residents. Notwithstanding a 31 percent decline in 1995 following the peso devaluation, Laredo's retail sales grew 53 percent between 1990 and 2000. Even after accounting for the economy's slowdown and the tightening of border security following the September 11th terrorist attacks, retail sales for 2001 did not fall below their 2000 level. Retail sales for 2002 are forecasted to bounce back, with a projected increase of 20.8 percent.

Community contacts reviewed by our office included interviews with community development agencies, a neighborhood housing service agency, a housing authority, and realtor companies. Although the contacts stated the local economy is improving, over a third of the Laredo population reports low- and moderate-incomes. Affordable housing continues to be a critical need of the AA. Webb County and the City of Laredo have initiatives in place in an attempt to provide affordable housing and to rehabilitate declining areas of the AA. However, these initiatives remain limited due to the scarce availability of funds and real estate. The majority of the contacts indicated that the local financial institutions participate in these programs to provide affordable housing.

Maverick County Non-MSA

Demographic Information for Full-Scope Area: Maverick County Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	50.00	33.33	16.67	0.00	0.00
Population by Geography	36,378	63.14	25.08	11.78	0.00	0.00
Owner-Occupied Housing by Geography	6,303	63.91	25.43	10.66	0.00	0.00
Businesses by Geography	1,607	68.64	22.53	8.84	0.00	0.00
Farms by Geography	24	45.83	54.17	0.00	0.00	0.00
Family Distribution by Income Level	8,272	46.14	21.06	14.24	18.56	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	5,559	67.46	24.12	8.42	0.00	0.00
Median Family Income	\$13,928				Median Housing Value	\$37,440
HUD Adjusted Median Family Income for 2002	\$36,100				Unemployment Rate	27.3%
Households Below the Poverty Level	47.10%					

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

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

Maverick County is comprised of six census tracts in the northwestern section of the Rio Grande plain region in southwest Texas. The Rio Grande forms Maverick County's western and international border with Mexico. The county is bordered on the north by Kinney County, on the east by Zavala County, and on the south by Webb County. Eagle Pass, the county seat and most popular community, is in southwestern Maverick County on the Southern Pacific Railroad. Maverick County is the 60th largest of the 254 counties in Texas with an estimated population of 47,297 in 2000. This represents a 30 percent increase from the 1990 census population.

Maverick County is a bedroom and shopping suburb of the much larger Piedras Negras across the Rio Grande River. Eagle Pass has been the recipient of considerable traffic from across the river. The county is sparsely populated except in Eagle Pass itself. There are several much smaller communities scattered along the Rio Grande River. These communities are primarily farming communities.

The Maverick County AA represents 33 percent of the bank's branch network, 19 percent of the bank's deposit base, and 17 percent of CRA reportable loan volume for this CRA evaluation.

Of the AA families, 46.14 percent, 21.06 percent, 14.24 percent, and 18.56 percent report earning low, moderate, middle, and upper-incomes respectively. Approximately 47 percent of the population lives below the poverty level. This compares unfavorably to the state poverty level of 16 percent. A low-income family in Maverick County has an income less than \$18,050.

Sixty seven percent (67 percent) of the families reside in low-income, 24 percent in moderate-income and 8 percent in the middle-income census tracts.

Unemployment levels in this AA remain significantly above the Texas and national averages. As of March 2002, Maverick County reported an unemployment rate of 27.3 percent, which is considerably higher than the statewide average of 5.6 percent.

The Median Family Income (MFI) for Maverick County was \$13,928 in 1990. This figure is used to determine the income level of each geography. Based on estimates by HUD, the adjusted MFI of \$36,100 was used to determine the borrowers' income levels for Maverick County in 2002. This compares to HUD's 2002 adjusted MFI for all MSAs in the State of Texas of \$54,882, which provides some insight into the comparatively poor population in Eagle Pass and Maverick County. The easy availability of workers coming out of Mexico and Central America has always kept wages quite low, although the cost of living has remained low until recent years.

The median housing value in Maverick County is approximately \$51,029. There continues to be a mismatch between the financial ability of the residents in Maverick County to purchase and maintain a home. Housing cost coupled with the low MFI, high unemployment levels, and extremely low wages severely restricts the bank's opportunities to lend (home mortgage, consumer, etc.) to low- and moderate-income families. Additionally, lending and investment opportunities are limited in this AA.

The economy of Maverick County has gone up and down with the state of international politics and economics. The major economy supporting Eagle Pass is big industry. These include the Eagle Pass Manufacturing Company and the Williamson-Dickie Manufacturing Company, both makers of work clothing. There is also the Reynolds Mining Corporation fluorspar plant and the Tejas Barite plant, Alta Verde Industries and Maverick Beef Producers, both cattle feeding operations, and the Big River Catfish Farm, a producer of frozen fish. Other industries include a broom factory, two cotton gins, a vegetable packing and shipping plant, a meat packing plant, the Don Career Manufacturing Company, and the Central Power and Light Company hydro-electric plan on the Rio Grande. Maverick County expects a good economic position in industry, tourism, recreation, and retirement service.

Appendix C: Tables of Performance Data

Content of Standardized Tables

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

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/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 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/AA.

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

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

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: SOUTH TEXAS						Evaluation Period: January	
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA [*]	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans ^{**}	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Full Review:									
Laredo MSA	78.80	986	29,121	950	77,031	0	0	0	0
Maverick County	16.69	317	7,994	93	5,647	0	0	0	0
Limited Review:									
Val Verde County	4.52	58	1,101	53	4,561	0	0	0	0

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

^{**} The evaluation period for Community Development Loans is January 01, 1998 to September 8, 2003.

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

Table 1. Other Products

LENDING VOLUME		Geography: SOUTH TEXAS						Evaluation Period: Janu			
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Full Review:											
Laredo MSA	70.35	4,800	67,593	7	3,750	109	3,934	581	8,782	0	0
Maverick County	22.72	1,550	16,826	2	154	40	1,553	186	2,057	0	0
Limited Review:											
Val Verde County	6.93	473	8,889	0	0	7	178	95	1,322	0	0

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

** The evaluation period for Optional Product Line(s) is From January 01, 1998 to December 31, 2002.

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

Table 1. Other Products

LENDING VOLUME		Geography: SOUTH TEXAS		Evaluation Period: January
	Other Unsecured Consumer Loans		Other	
MA/Assessment Area:	#	\$ (000's)	#	
Full Review:				
Laredo MSA	2,098	18,618		
Maverick County	562	3,560		
Limited Review:				
Val Verde County	209	3,400		

(*)The evaluation period for Optional Product Line(s) is from January 01, 1998 to December 31, 2002.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: SOUTH TEXAS				Evaluation Period: J			
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans
Full Review:										
Laredo MSA	157	73.36	0.00	0.00	39.67	28.66	29.01	35.67	31.32	35.00
Maverick County	45	21.03	63.91	68.89	25.43	11.11	10.66	20.00	0.00	0.00
Limited Review:										
Val Verde County	12	5.61	0.00	0.00	65.80	41.67	4.34	0.00	29.86	58.00

* Based on 2001 Peer Mortgage Data: Southwest Region.

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT				Geography: SOUTH TEXAS				Evaluation Period: .			
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	
Full Review:											
Laredo MSA	695	73.78	0.00	0.00	39.67	35.97	29.01	40.14	31.32	23.88	
Maverick County	206	21.87	63.91	59.71	25.43	18.45	10.66	21.84	0.00	0.00	
Limited Review:											
Val Verde County	41	4.35	0.00	0.00	65.80	75.61	4.34	0.00	29.86	24.39	

* Based on 2001 Peer Mortgage Data: Southwest Region.

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE				Geography: SOUTH TEXAS				Evaluation Period: Ja			
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	
Full Review:											
Laredo MSA	127	64.14	0.00	0.00	39.67	36.22	29.01	29.92	31.32	33.80	
Maverick County	66	33.33	63.91	45.45	25.43	33.33	10.66	21.21	0.00	0.00	
Limited Review:											
Val Verde County	5	2.53	0.00	0.00	65.80	40.00	4.34	20.00	29.86	40.00	

* Based on 2001 Peer Mortgage Data: Southwest Region.

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: SOUTH TEXAS				Evaluation Period: Jan			
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
Full Review:										
Laredo MSA	7	100.00	0.00	0.00	22.57	0.00	16.05	42.86	61.38	57.14
Maverick County	0	0.00	44.82	0.00	13.59	0.00	41.59	0.00	0.00	0.00
Limited Review:										
Val Verde County	0	0.00	0.00	0.00	71.09	0.00	7.82	0.00	21.09	0.00

* Based on 2001 Peer Mortgage Data: Southwest Region.

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES				Geography: SOUTH TEXAS				Evaluation Period:			
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	
Full Review:											
Laredo MSA	950	86.68	0.00	0.00	29.63	24.00	31.60	26.00	38.77	50.00	
Maverick County	93	8.49	68.64	66.67	22.53	24.73	8.84	8.60	0.00	0.00	
Limited Review:											
Val Verde County	53	4.84	0.00	0.00	67.88	66.04	4.20	7.55	27.92	26.42	

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

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

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

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: SOUTH TEXAS						Evaluation Period:	
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans
Full Review:										
Laredo MSA	0	0.00	0.00	0.00	23.58	0.00	26.42	0.00	50.00	0.00
Maverick County	0	0.00	45.83	0.00	54.17	0.00	0.00	0.00	0.00	0.00
Limited Review:										
Val Verde County	0	0.00	0.00	0.00	57.41	0.00	3.70	0.00	38.89	0.00

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

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

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

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: SOUTH TEXAS						Evaluation Period: J	
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****
Full Review:										
Laredo MSA	157	73.36	24.63	5.16	16.66	12.90	16.54	13.55	42.17	68.39
Maverick County	45	21.03	46.14	6.67	21.06	4.44	14.24	26.67	18.56	62.22
Limited Review:										
Val Verde County	12	5.61	30.96	0.00	19.01	25.00	16.85	25.00	33.18	50.00

* Based on 2001 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 0.93% of loans originated and purchased by Bank.

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

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: SOUTH TEXAS				Evaluation Period: .			
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans* ***
Full Review:										
Laredo MSA	695	73.78	24.63	17.31	16.66	23.13	16.54	21.19	42.17	38.36
Maverick County	206	21.87	46.14	28.57	21.06	22.17	14.24	24.14	18.56	25.12
Limited Review:										
Val Verde County	41	4.35	30.96	41.46	19.01	9.76	16.85	9.76	33.18	39.02

* Based on 2001 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 2.97% of loans originated and purchased by Bank.

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

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE					Geography: SOUTH TEXAS				Evaluation Period	
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****
Full Review:										
Laredo MSA	127	64.14	24.63	2.40	16.66	10.40	16.54	20.00	42.17	67.20
Maverick County	66	33.33	46.14	1.52	21.06	12.12	14.24	22.73	18.56	63.64
Limited Review:										
Val Verde County	5	2.53	30.96	0.00	19.01	0.00	16.85	40.00	33.18	60.00

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: SOUTH TEXAS			Evaluation Period	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size				
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000		

* Based on 2001 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 1.01% of loans originated and purchased by Bank.

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

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

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

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

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

Full Review:							
Laredo MSA	950	86.68	71.99	74.00	81.68	10.53	
Maverick County	93	8.49	80.34	87.10	86.02	11.83	
Limited Review:							
Val Verde County	53	4.84	76.23	84.91	77.36	20.75	

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS				Geography: SOUTH TEXAS		Evaluation Period	
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size		
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000
Full Review:							
Laredo MSA	0	0.00	87.74	0.00	0.00	0.00	
Maverick County	0	0.00	79.17	0.00	0.00	0.00	
Limited Review:							
Val Verde County	0	0.00	94.44	0.00	0.00	0.00	

**** 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 11.13% of small loans to businesses originated and purchased by the Bank.

* Based on 2001 Peer Small Business Data: US.

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

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

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

Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)

Geographic and Borrower Distribution: CONSUMER LOANS					Geography: SOUTH TEXAS					Evaluation Period				
MA/Assessment Area:	Geographic Distribution										Borrower Distribution			
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans
Full Review:														
Laredo MSA	4,793	70.34	0.00	0.00	40.82	32.44	27.70	32.53	31.48	35.03	26.14	14.53	15.33	
Maverick County	1,548	22.72	63.87	58.27	24.34	22.67	11.79	19.06	0.00	0.00	41.09	24.03	20.21	
Limited Review:														
Val Verde County	473	6.94	0.00	0.00	65.08	69.77	9.02	5.71	25.90	24.52	27.95	26.54	17.48	

* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.
 ** Percentage of Households is based on the 1990 Census Information.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: SOUTH TEXAS				Evaluation Period: J	
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	%
Full Review:							
Laredo MSA	0	0	58	2,232	58	2,232	
Maverick County	0	0	6	1	6	1	
Limited Review:							
Val Verde County	0	0	0	0	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: SOUTH TEXAS			Evaluation Period:								
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings																
	% 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 Branches (+ or -)														
				Low	Mod	Mid	Upp			Low	Mod	Mid												
Full Review:																								
Webb MSA	55.65	3	33.34	0.00	0.00	33.33	66.67	1	0	0	0	0												
Maverick County	18.57	3	33.33	33.33	33.34	33.33	0.00	2	0	+1	0	+1												
Limited Review:																								
Val Verde County	25.78	3	33.33	0.00	33.34	33.33	33.33	3	0	0	+1	+1												