



Intrastate Bank

Comptroller of the Currency
Administrator of National Banks

LARGE BANK

Public Disclosure

May 10, 1999

Community Reinvestment Act Performance Evaluation

**First Victoria National Bank
Charter Number: 10360**

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Victoria, Texas 77902**

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NOTE: 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.

Table of Contents

General Information	ii
Definitions and Common Abbreviations	iii
Overall CRA Rating	1
Description of Institution	2
Scope of Evaluation	4
Fair Lending Review	6
Conclusions with Respect to Performance Tests	
Lending Test	7
Investment Test	14
Service Test	15
Appendix A: Scope of Evaluation	A-1
Appendix B: Market Profiles for Areas Receiving Full-Scope Reviews	B-1
Appendix C: Tables of Performance Data	C-1

I

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **First Victoria National Bank (FVNB)** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **May 10, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable 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.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

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 statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

Limited-Scope 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, branch distribution).

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States 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 Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

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

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

Performance Levels	First Victoria National Bank 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 which support this rating include:

- < FVNB has demonstrated a good record of lending among geographies and to borrowers of various income and revenue levels.
- < FVNB’s level of qualified investments is adequate. Qualified investments are limited to grants and donations and are not considered innovative or complex.
- < Retail services provided by FVNB are adequate and accessible to individuals and geographies of different income levels in its three assessment areas. FVNB provides a relatively high level of community development services that impact all assessment areas.

Description of Institution

First Victoria National Bank (FVNB) is a locally owned independent community bank. As of December 31, 1998, the bank reports total assets of \$553 million. The bank has three operating subsidiaries, including the First Victoria Community Development Corporation (CDC). The CDC was established in 1995 with a primary purpose of providing low-income housing. Five homes were constructed for low-income individuals in 1997. There has been no activity in the CDC since the completion of this project. The other two subsidiaries are not involved in projects related to the Community Reinvestment Act (CRA).

The bank has three assessment areas. They are defined as: (1) the Victoria MSA, (2) San Patricio County in the Corpus Christi MSA, and (3) Calhoun and Jackson Counties. The main bank is located in downtown Victoria with two full-service branches and ten ATMs within the Victoria city limits. The bank also operates two other full-service branches, one in Port Lavaca, Texas in Calhoun County and the other in Taft, Texas in San Patricio County. The most recent expansion was the Taft branch which opened in 1997. Calhoun County also has one ATM and San Patricio County has two ATMs. Jackson County does not have a branch nor ATM, but FVNB has a strong lending presence in the area and considers it part of its marketing area. For additional detailed information about these defined assessment areas, please refer to Appendix B: Market Profiles for Full-Scope Areas.

FVNB offers a full range of financial and credit services throughout its assessment areas. Their primary business strategy is to be an agricultural and commercial lender. Net loans on December 31, 1998 of \$290 million result in a loan-to-deposit ratio of 61.3 percent. The principle lending mix consists of 31% agricultural and farmland, 22% residential, 20% commercial and industrial, and 15% consumer loans. FVNB is adequately capitalized and operates profitably. We did not note any legal, financial, or other impediments which significantly limit the bank's ability to meet the credit needs of the community.

FVNB is the dominant institution in the Victoria MSA in terms of deposit market share. They are less dominant in other markets. Market share is summarized by the following table:

Market Share Analysis *				
Assessment Area (AA):	June 30, 1998 Tot. Deposits (000's):	Market Share:	AA Rank:	# Institutions with > 5% Market Share
Victoria MSA	403,153	35.25%	1	7
San Patricio County	21,911	6.89%	8	9
Calhoun County **	8,262	1.86%	6	3

* Data from June 30, 1998, FDIC deposit market share reports.

** Jackson County is not part of this analysis as FVNB has no branches in this county.

FVNB's overall CRA performance was last evaluated October 21, 1996, and an "Outstanding" performance rating was assigned.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test was from January 1, 1997, through December 31, 1998. Lending products reviewed included small business loans, small farm loans, community development loans, home mortgage and refinance loans, and home improvement loans.

The evaluation period for the Investment and Service Tests was from October 21, 1996 (the date of the previous examination) through May 10, 1999. The Investment Test included a review of investments, grants, and donations made in the bank's assessment areas that meet the definition of community development investments. The Service Test included a review of retail and community development services provided in the bank's assessment areas.

Data Integrity

Prior to this CRA examination, OCC personnel performed a review to determine the accuracy of lending-related data supplied by FVNB. Adjustments were required to ensure the data meets the specifications of the regulation. As a result of these adjustments, the data is now considered reliable for analysis purposes.

Selection of Areas for Full-Scope Review

Resources were available during this examination to perform full-scope reviews for all of the bank's assessment areas. The bank has three assessment areas, although the vast majority of its deposit and lending activities are within the Victoria MSA. However, consideration in this evaluation is given to the bank's activities and accomplishments in all of its assessment areas.

Ratings

The bank's overall rating is weighted heavily on those areas that constitute the majority of its activities. However, the extent to which the bank is providing lending, investments, and services in all of its assessment areas was given consideration in assigning the overall rating for the bank.

Other

Four community contacts performed by the OCC and other regulatory agencies during the evaluation period were reviewed. The groups of contacts include the local housing authority, a Realtor, a small business owner, and a county extension agent. Two of these contacts were made during this examination and represented two of the bank's three assessment areas. The needs identified have been typical (i.e., small business/farm and affordable housing lending). In aggregate, the comments received have been positive about the manner in which FVNB and other banks have provided needed credit, investments, and services in the communities.

Fair Lending Review

Compliance with fair lending laws and regulations is satisfactory. A review of fair lending laws and regulations did not reveal any evidence of illegal discriminatory treatment of borrowers from a prohibited basis group. Unsecured debt consolidation loans originated in 1998 were selected for review. The rates, terms and conditions of loans provided to approved female and male applicants were reviewed for difference in treatment. Our review for compliance with the fair lending laws also included technical compliance with the Equal Credit Opportunity Act (ECOA).

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 in all assessment areas is good. Variations in performance among the assessment areas and among lending products are described below.

Lending Activity

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

Overall lending activity reflects an excellent responsiveness to the credit needs within FVNB's assessment areas. The bank's loan-to-deposit ratio on December 31, 1998 was 61.3% compared to an average of 55.3% at seven other banks of similar asset size in southeast Texas. The bank's ratio has averaged 61.95% for the ten quarter-ends since the last examination dated October 21, 1996.

FVNB's primary business strategy focuses on agricultural and commercial lending. Thus, our analysis emphasized loans to small businesses and small farms in assessing their lending performance. Home mortgage loans were emphasized to a lesser degree as they make up a smaller share of the bank's line of business.

In 1997 and 1998, FVNB originated 1,370 small business loans totalling \$99.2 million and 1,451 small farm loans totalling \$100.3 million. Of these amounts, 1,153 small business loans at \$75.6 million and 926 small farm loans at \$56.5 million were originated within the bank's assessment area. A high percentage, 84.2% of the number of loans and 76.2% of the dollar amount, of small business loans were originated within the bank's assessment areas. An adequate percentage, 63.8% of the number of loans and 56.3% of the dollar amount, of small farm loans were originated within the bank's assessment areas.

FVNB's market share for small business and small farm loans is excellent in both the Victoria MSA and the Calhoun/Jackson County assessment areas. The bank's volume ranks first for both loan types and constitutes a dominant market share position in these assessment areas. The bank also ranks sixth for small business and second for small farm loans in the San Patricio County assessment area.

Their presence in this area is growing as they are a relatively new entry into this market. FVNB's market share for small business and small farm loans is especially impressive when compared to the percentage of deposit market shares in all assessment areas. The bank ranks first, eighth, and sixth in deposit market shares in the Victoria MSA, San Patricio County, and Calhoun County assessment areas, respectively. The bank has no branches in Jackson County, thus no listed deposit market share. Refer to Tables 5 and 6 in Appendix C for details on small business and small farm market share.

FVNB originated 358 home mortgage loans, including home improvement loans, totaling \$27.4 million in 1997 and 1998. Of these amounts, 243 home mortgage loans totaling \$17.3 million were originated within the bank's assessment areas. This represents an adequate percentage at 67.9% of the number of loans and 63.1% of the dollar amount.

FVNB's market share for the origination and purchase of home mortgage loans is good in the Victoria MSA and the Calhoun/Jackson County assessment area's. The bank has less of a market presence in the San Patricio assessment area for the reasons noted above. A high percentage of the bank's home mortgage loans in their assessment areas are for home purchase (78.6%). The remainder are for home improvement (10.3%) and mortgage refinance loans (11.1%). It is notable that FVNB is ranked second among commercial banks for home mortgage loans in the Victoria MSA and Calhoun/Jackson County assessment areas. They slightly trail Norwest Bank in both locations. All other institutions ranking ahead of FVNB, in market share, are not commercial banks. They are either mortgage companies or savings banks. Refer to Tables 2-4 in Appendix C for details on home mortgage lending market shares.

Distribution of Loans by Income Level of the Geography

Small Business and Small Farm Loans

Refer to Tables 5 and 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small business and small farm loan originations.

Victoria MSA

FVNB's geographic lending distribution to small businesses is good. Small business lending levels in low- and moderate-income census tracts are reasonably close to the percentages of businesses located within these tracts. The bank ranks first in market share in these tracts. They also have a higher percentage of market share

in these tracts than compared to their overall market share percentage. FVNB made three times as many small business loans in moderate-income tracts than the second ranked lender. There are no unexplained conspicuous gaps in lending activity in this assessment area. FVNB originated small business loans in all census tracts in this assessment area.

FVNB's geographic lending distribution to small farms is adequate. Small farm lending levels in low- and moderate-income census tracts are substantially below the percentage of farms located within these tracts. However, there is only one farm in the one low-income tract and FVNB reflects one loan in this tract. Only two loans were made by all lenders in this track. Loan originations by all lenders are low in moderate-income tracts; however, FVNB does rank first in market share. There are no unexplained conspicuous gaps in lending activity in this assessment area.

San Patricio County (Corpus Christi MSA)

FVNB's geographic lending distribution to small businesses is good. There are no unexplained conspicuous gaps in lending activity in this assessment area. The bank has no small business loans in the area's one low-income census tract. This tract holds approximately 11% of the area's small businesses. Lending activity in this tract is low as 14 loans were made to businesses located in this tract by all lenders in 1997. This low-income census tract is also in the far western portion of the county. The bank's branch is located in Taft which is in the eastern portion of the county. However, the bank is second in market share for loans in moderate-income tracts. In fact, a majority of the bank's loans in this assessment area are in moderate-income tracts and the bank's percentage of loans in these tracts almost doubles the percentage of businesses. FVNB is ranked second behind the leading lender whose market share is only 2% higher.

FVNB's geographic lending distribution to small farms is good. There are no unexplained conspicuous gaps in lending activity in this assessment area. The bank has no small farm loans in the area's one low-income census tract. However, there are only six farms in this tract and only one small farm loan originated in this tract in the market. The bank is first in market share for loans in moderate-income tracts with twice as many loans as the nearest competitor. Approximately 91% of the bank's loans in this assessment area are in moderate-income tracts and the bank's percentage of loans in these tracts almost triples the percentage of farms.

Calhoun and Jackson Counties (Non-MSA)

FVNB's geographic lending distribution to small businesses and small farms was not evaluated for this assessment area. There are no low- or moderate-income BNA's in either Calhoun or Jackson County.

Home Mortgage Loans

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

Victoria MSA

FVNB's geographic distribution of home mortgage loans is adequate. There are no unexplained conspicuous gaps in lending activity in this assessment area. The bank has made no home mortgage originations in the area's one low-income census tract. However, there are very few owner-occupied units in the tract (2.8%) and the market is very small (20 loans). The percentage of bank loans is slightly below the percentage of owner-occupied units in moderate-income tracts for home purchase and home improvement loans. The percentage of home mortgage refinance loans is far below. In moderate-income tracts, the bank ranks third in market share for home purchase loans and sixth for home improvement loans.

FVNB has made home mortgage related loans in a majority of all census tracts within the MSA. There are no unexplained conspicuous gaps in lending in this assessment area. However, in the three tracts in which they failed to make any loans, one is low-income and the other two are moderate-income tracts. Management's explanation for this is that these tracts are located in an area of Victoria where there has not been a lot of housing turnover; growth is stagnant, and there has been no new development. This area was also severely impacted by a flood in 1998 and many of the homes have been abandoned because the owners did not have flood insurance to cover the loss.

San Patricio County (Corpus Christi MSA)

FVNB's geographic distribution of home mortgage loans is adequate. The bank has made no home mortgage originations in the area's one low-income census tract and only two in moderate-income tracts. However, the bank has made home mortgage related loans in only five of the area's ten census tracts and only six total loans. In the ten tracts in which they failed to make any loans, one is low-income and one is a moderate-income tract. There is a total of one low-income

and three moderate-income tracts in the area. The lending pattern is reflective of the bank's small market presence. There are no unexplained conspicuous gaps in lending activity in this assessment area.

Calhoun and Jackson Counties (Non-MSA)

FVNB's geographic lending distribution for home mortgage loans was not evaluated for this assessment area. There are no low- or moderate-income BNA's in either Calhoun or Jackson County.

Distribution of Loans by Income Level of the Borrower

Small Business and Small Farm Loans

Refer to Tables 10 and 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small business and small farm loan originations.

Victoria MSA

FVNB's lending to businesses with revenues of \$1 million or less is excellent. Approximately 85.5% of the reportable loans FVNB made were to businesses of this revenue size. This is significantly higher than the originations made by all other lenders in the assessment area at 50.5%. The percentage of the number of businesses in the MSA with similar revenues is 92.1%. The vast majority (87%) of the small business loans originated by FVNB are in amounts less than \$100,000.

The 1997 market share data shows that FVNB ranks first in loans to businesses with revenues of \$1 million or less. FVNB dominates the market with a market share of 64.11%. This market share exceeds the bank's overall market share of 51.03%. The nearest ranked lender's overall market share is 18.34%.

FVNB's lending to farms with revenues of \$1 million or less is excellent. Approximately 97.6% of the reportable loans FVNB made were to farms of this revenue size. This exceeds originations made by all other lenders in the assessment area at 93.2%. The percentage of the number of farms in the MSA with similar revenues is approximately 100%. The vast majority (90%) of the small farm loans originated by FVNB are in amounts less than \$100,000.

The 1997 market share data shows that FVNB ranks first in loans to farms with revenues of \$1 million or less. FVNB dominates the market with a market share

of 88.48%. This market share approximates the bank's overall market share of 87.85%. The nearest ranked lender's overall market share is less than 10%.

San Patricio County (Corpus Christi MSA)

FVNB's lending to businesses with revenues of \$1 million or less is excellent. Approximately 75.7% of the reportable loans FVNB made were to businesses of this revenue size. This is significantly higher than the originations made by all other lenders in the assessment area at 56.4%. The percentage of the number of businesses in the MSA with similar revenues is 94.2%. The majority (70%) of the small business loans originated by FVNB are in amounts less than \$100,000.

The 1997 market share data reflects that FVNB ranks fifth in loans to businesses with revenues of \$1 million or less. FVNB's market share is 6.47%. This market share exceeds the bank's overall market share of 5.69%.

FVNB's lending to farms with revenues of \$1 million or less is also excellent. One hundred percent of the reportable loans FVNB made were to farms of this revenue size. This is significantly higher than originations made by all other lenders in the assessment area at 69.3%. The percentage of the number of farms in the assessment area with similar revenues is approximately 97.1%. Slightly less than half (49%) of all small farm loans originated by FVNB are in amounts less than \$100,000.

The 1997 market share data reflects that FVNB ranks second in loans to farms with revenues of \$1 million or less. FVNB's market share is 31.48%. This market share is slightly higher than the bank's overall market share of 28.81%. FVNB ranks second in overall market share. The top ranked lender's overall market share is 33.90%.

Calhoun and Jackson Counties (Non-MSA)

FVNB's lending to businesses with revenues of \$1 million or less is excellent. Approximately 84.6% of the reportable loans FVNB made were to businesses of this revenue size. This is considerably higher than the originations made by all other lenders in the assessment area at 56.0%. The percentage of the number of businesses in the assessment area with similar revenues is 91.0%. The majority (87%) of the small business loans originated by FVNB are in amounts less than \$100,000.

The 1997 market share data shows that FVNB ranks first in loans to businesses with revenues of \$1 million or less. FVNB's market share is 44.55% which is

higher than the second ranked lender whose market share was 27.72%. This market share exceeds the bank's overall market share of 34.64%. FVNB also ranks first in overall market share. The second ranked lender's overall market share is 22.22%.

FVNB's lending to farms with revenues of \$1 million or less is excellent. Approximately 97% of the reportable loans FVNB made were to farms of this revenue size. This is comparable to originations made by all other lenders in the assessment area at 96.5%. The percentage of the number of farms in the assessment area with similar revenues is approximately 100%. The majority (71%) of all small farm loans originated by FVNB are in amounts less than \$100,000.

The 1997 market share data shows that FVNB ranks first in loans to farms with revenues of \$1 million or less. FVNB's market share is 44.85%. This market share is equivalent to the bank's overall market share of 44.87%. FVNB also ranks first in overall market share. The second ranked lender's overall market share is 39.47%.

Home Mortgage Loans

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

Victoria MSA

FVNB's lending to low- and moderate-income individuals is adequate. The majority of the bank's home mortgage loans in this MSA are for home purchase (76.5%). FVNB ranks first among all commercial banks in home purchase lending to low- and moderate-income borrowers. The overall market share leaders are either mortgage companies or savings banks. However, lending volumes to low-income individuals are significantly lower than the number of low-income families in the Victoria MSA for all mortgage related products. The percentage of loans to moderate-income families for home purchase and refinance loans approximates the percentage of moderate-income families in this MSA. There are no home improvement loans to moderate-income families.

San Patricio County (Corpus Christi MSA)

FVNB's lending for home mortgage products is virtually nonexistent in this assessment area. Of six total loans, only one is to a moderate-income individual. The remainder are to middle- and upper-income borrowers. Again, this is

reflective of the bank's relatively new presence in this market for the time period evaluated.

Calhoun and Jackson Counties (Non-MSA)

FVNB's lending to low- and moderate-income individuals is adequate. The majority of the bank's home mortgage loans in this assessment area are for home purchase (88.9%). FVNB's market share percentage for home purchase loans to low-income individuals more than doubles their overall market share percentage. However, home mortgage lending volumes to low-income individuals are significantly lower than the number of low-income families in the assessment area. This reflects a market area where the volume of home mortgage lending to low-income borrowers by all lenders is low. There were only nine home purchase, seven home improvement, and two refinance loans made in this assessment area. FVNB was one of three lenders who made two home purchase loans (22%) to low-income borrowers. The bank has no home improvement or refinance loans to low-income borrowers.

FVNB's home purchase lending volumes to moderate-income individuals approximate the number of moderate-income families in the assessment area. The bank has no home improvement or refinance loans to moderate-income borrowers.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

FVNB has not made any loans during the evaluation period which qualify as "community development loans" per the regulation.

Product Innovation and Flexibility

FVNB has demonstrated product flexibility through their use of government guaranteed lending programs. During the evaluation period, the bank has originated forty-three loans totaling \$6,660,904 guaranteed by the Farm Service Agency (FSA). They have also originated four loans totaling \$292,000 guaranteed by the Small Business Administration (SBA).

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Victoria MSA and Calhoun/Jackson County are adequate. The bank's performance in the San Patricio County assessment area is poor.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Qualified investments are investments, deposits, membership shares, or grants that have as their primary purpose "community development" as defined in the CRA regulation. FVNB has made 18 qualified investments totaling approximately \$75,000 during the evaluation period. The investments are distributed primarily in the Victoria MSA which is the source of 93% of the banks deposit base.

Victoria MSA

All of the bank's investments are centered in donations and grants to entities involved in community development activities. Total qualified investment levels are low compared to the resources of this bank and are not considered innovative. Refer to the Description of the Institution for discussion of the bank.

FVNB formed a for-profit Community Development Corporation (CDC) in 1995 with a \$1,000 equity investment. The formation of the CDC was prior to the evaluation period for this assessment. No activity occurred during the evaluation period that would qualify under the investment test. The CDC did initiate the construction of five affordable homes that were located in a moderate-income area. The bank ultimately underwrote loans to individuals for the purchase of the homes with the guaranty of the Victoria Housing Authority. These loans are reflected in the analysis of the bank's home mortgage lending activity as they were reportable as such on the 1997 HMDA Loan Application Register. The CDC did not initiate any activity in 1998 or through the date of this CRA evaluation.

San Patricio County

FVNB did not make any qualified investments in this assessment area.

Calhoun and Jackson Counties (Non-MSA)

Qualified investments are limited to donations and grants to nonprofit organizations performing community development services.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Victoria MSA is good and in the San Patricio County assessment area and the Calhoun and Jackson Counties assessment area is adequate. All services are at least reasonably accessible to individuals and geographies of different income levels within its assessment areas.

Retail Banking Services

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

Victoria MSA

Branch offices and ATM's in the Victoria MSA are reasonably disbursed by geography and consistent with population demographics. The main bank is in a moderate-income tract. Seven of the bank's ten ATM's are also in moderate-income tracts. An evaluation of branch and ATM locations indicated them to be reasonably accessible to individuals and geographies of different income levels. There have been no closings during the evaluation period.

San Patricio County (Corpus Christi MSA)

This assessment area has one branch and two ATMs, all in moderate-income tracts. An evaluation of branch and ATM locations indicated them to be reasonably accessible to individuals and geographies of different income levels. There have been no closings during the evaluation period.

Calhoun and Jackson Counties (Non-MSA)

This assessment area has one branch and one ATM, both in upper-income BNA's. There are no low- or moderate-income BNA's in this assessment area. An evaluation of branch and ATM locations indicated them to be reasonably accessible to individuals and geographies of different income levels. There have been no closings during the evaluation period.

Alternative Delivery Systems

FVNB has available alternative delivery systems for some of its products and services. These include the use of postal services, telephone including toll-free numbers, and Internet services for access. None of these services is especially innovative, but all expand the opportunity for conducting business with FVNB without traveling to a branch office or ATM. No data was available to determine the effectiveness of the bank's alternative delivery systems to low- and moderate-income individuals and geographies; therefore, we could not place significant weight on these alternative delivery systems in drawing conclusions about the bank's performance.

Community Development Services

Community development services include providing technical assistance on financial matters to not-for-profit organizations which serve low- and moderate-income individuals/families and to other groups or small businesses that promote community revitalization, community development, or affordable housing. FVNB provides a relatively high level of community development services that impact all of its assessment areas. This is based on the number of groups that were represented and there was good representation by senior level bank officers with these entities.

The majority of the activity has occurred in the Victoria MSA. Calhoun and Jackson Counties have benefited primarily from the agricultural related seminars in which the bank's agricultural lending officers have participated. The following are some examples of these services:

Agricultural lending is a primary business line of this bank. FVNB officers participated in numerous agricultural related seminars during the evaluation period. Those seminars addressed agricultural related issues that confront the farmers and ranchers in the bank's assessment areas the substantial majority of which have revenues of less than \$ one million. Topics have included agricultural economics, drought workshops, and the types of financial relief available through emergency loan programs. Attendance at several of these seminars ranged from a low of 20 to upwards of 100 individuals.

Bank officers serve in leadership positions with entities that address small business development needs in Victoria. One example is the Victoria Economic Development Corporation. FVNB has also sponsored small business related seminars locally in cooperation with the University of Houston - Victoria Small Business Development Center.

Several bank officers provide basic banking education and other financial education assistance to low- and moderate-income individuals through involvement in organizations such as:

Homewood - An agency that provides assistance to the elderly who are on fixed incomes;

Perpetual Home Help - An agency that provides assistance to women upon their release from prison; and

Credit Professional International - An agency that provides credit training to low- and moderate-income individuals.

Consumer Credit Counseling of South Texas (CCCS) - This agency provides credit counseling for individuals with debt problems regardless of income status. However, data provided by the CCCS indicates that a high percentage of individuals served by CCCS from the bank's assessment areas have incomes less than 50% of the MFI updated annually by HUD (Department of Housing and Urban Development).

Bank officers participate in organizations that address affordable housing needs in Victoria. Examples include the Victoria Affordable Housing Authority, Habitat for Humanity, and the Victoria Community Development Corporation. One officer serves on the site committee for Habitat for Humanity as well as a board member. This officer also is serving as a board member of the Victoria Community Development Corporation. This corporation is in the organization phase at this time.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “Full-Scope”) and those that received a less comprehensive review (designated by the term “Limited-Scope”).

Time Period Reviewed	Lending Test: January 1, 1997 to December 31, 1998 Investment Test: October 21, 1996 to May 10, 1999 Services Test: October 21, 1996 to May 10, 1999	
Financial Institution First Victoria National Bank; Victoria, Texas		Products Reviewed Home purchase and refinance mortgage loans, home improvement loans, small business loans, small farm loans, community development loans, community development investments, retail and community development services.
Affiliate(s)	Affiliate Relationship	Products Reviewed
First Victoria CDC	Bank Subsidiary	Home purchase loans.
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
MSA: Victoria (MSA 8750) San Patricio County (Corpus Christi MSA 1880) Non-MSA: Calhoun County and Jackson County	Full-Scope Full-Scope Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

Table of Contents

Market Profiles for Areas Receiving Full-Scope Reviews

Victoria MSA	B-2
San Patricio County (in Corpus Christi MSA)	B-4
Calhoun and Jackson Counties (Non-MSA's)	B-5

Victoria MSA

Demographic Information for Full-Scope Assessment Area: VICTORIA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	21	4.8	33.3	42.9	19.0	0
Population by Geography	74,361	3.3	28.4	42.6	25.7	0
Owner-Occupied Housing by Geography	16,943	2.8	23.9	44.6	28.7	0
Businesses by Geography	2,213	1.9	51.0	24.6	22.5	0
Farms by Geography	76	1.3	38.2	38.2	22.3	0
Family Distribution by Income Level	20,033	23.8	15.8	20.6	39.8	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,940	5.3	39.0	43.3	12.3	0
Median Family Income	= \$31,685	Median Housing Value		= \$52,506		
HUD Adjusted Median Family Income for 1998	= \$41,600	Unemployment Rate (TX Workforce Comm. 2/98)		= 4.3%		
Households Below the Poverty Level	= 17.2%					

Source: 1990 U.S. Census and 1998 HUD updated MFI.

FVNB operates three full-service branch offices, including the main bank, and 10 automated teller machines in the Victoria MSA. One of the branches is located in a moderate-income census tract and the other two are located in upper-income census tracts. This assessment area accounts for approximately 93% of FVNB’s combined assessment area deposit base. Significant loan and deposit competitors in the area include, but are not limited to: Norwest Bank, FirstCapital Bank, Cuero Federal Savings, and NationsBank.

Lender market share reports for 1997 show that FVNB obtained the largest shares in the Victoria MSA for small business (51.0%) and small farm (87.9%) lending activities. FVNB also ranks high among area lenders in market share for home purchase loans (7.7%), home improvement loans (2.5%) and home refinances (5.2%). A June 30, 1998, deposit market share report from the FDIC indicates that FVNB maintains the highest percentage of deposits in the Victoria MSA with 35.3% of total deposits.

Approximately 33% of the households in the Victoria MSA receive public assistance or social security. Approximately 90% of the total housing units are occupied, and approximately 58% are owner-occupied.

Four of Victoria’s largest employers are in the petrochemical or aluminum business: DuPont, Formosa Plastics, Union Carbide, and Alcoa. The largest

employer is the Victoria Independent School District. Other major economic and employment sectors include banking, medical, construction, trades and services industries.

Agriculture and small business lending has been identified as primary needs in this assessment area. Affordable housing has also been identified as a need. Tight sales and rental markets, lack of affordable developed land, rehabilitation issues and the lack of home buyer education combine to create a difficult environment for the area's lower income residents. The primary resources available to address these needs in the area include Community Development Block Grants, Section 8 public housing, and the HOME program.

San Patricio County (in Corpus Christi MSA)

Demographic Information for Full-Scope Assessment Area: SAN PATRICIO CTY (CORPUS CHRISTI MSA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	15	6.7	20.0	40.0	33.3	0
Population by Geography	58,749	10.5	32.4	41.9	15.2	0
Owner-Occupied Housing by Geography	12,824	9.3	30.6	42.9	17.2	0
Businesses by Geography	1,158	11.3	44.0	28.6	16.1	0
Farms by Geography	68	8.8	33.8	38.3	19.1	0
Family Distribution by Income Level	15,282	27.1	17.8	18.3	36.8	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,859	14.3	39.8	38.7	7.1	0
Median Family Income	= \$28,499	Median Housing Value		= \$45,702		
HUD Adjusted Median Family Income for 1998	= \$38,200	Unemployment Rate (1996 TX Econ. Dev. Corp.)		= 9.1%		
Households Below the Poverty Level	= 22.5%					

Source: 1990 U.S. Census and 1998 HUD updated MFI.

FVNB operates one full-service branch office and two automated teller machines in San Patricio County. The branch is located in a moderate-income census tract. This assessment area accounts for approximately 5.1% of FVNB’s combined assessment area deposit base. Significant loan and deposit competitors in the area include, but are not limited to: Pacific Southwest Bank, Frost National Bank, Commercial State Bank, First State Bank of Odem, and Norwest Bank.

Lender market share reports for 1997 show that FVNB ranked second in the area for small farm loans (28.8%) and sixth in small business loans (5.7%). FVNB does not rank high in home mortgage lending with only six loans originated in this area. A June 30, 1998, deposit market share report from the FDIC indicates that FVNB maintains the eighth highest percentage of deposits at 6.9% of total deposits.

Predominant employment sectors in the area include agriculture, health services, petrochemicals and refining, government, and wholesale and retail trade. Beef cattle and cotton production are the region’s main agricultural products.

Approximately 37% of the households in San Patricio County receive public assistance or social security. Approximately 85% of the total housing units are occupied, and approximately 58% are owner-occupied.

There have been no community contacts performed in this assessment area.

Calhoun and Jackson Counties

Demographic Information for Full-Scope Assessment Area: CALHOUN & JACKSON COUNTIES (NON-MSA'S)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	9	0	0	66.7	22.2	11.1
Population by Geography	32,092	N/A	N/A	80.1	19.9	0
Owner-Occupied Housing by Geography	8,449	N/A	N/A	80.9	19.1	0
Businesses by Geography	781	N/A	N/A	77.1	22.9	0
Farms by Geography	60	N/A	N/A	96.7	3.3	0
Family Distribution by Income Level	8,888	21.6	14.6	17.4	46.4	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,219	N/A	N/A	84.5	15.5	0
Median Family Income	= \$24,586	Median Housing Value		= \$43,261		
HUD Adjusted Median Family Income for 1998	= \$32,100	Unemployment Rate (TX Workforce Comm. 2/98)		=5.5%		
Households Below the Poverty Level	= 19.9%					

Source: 1990 U.S. Census and 1998 HUD updated MFI.

FVNB operates one full-service branch office and one automated teller machine in this assessment area. The branch is located in Calhoun County in an upper-income census tract. This assessment area accounts for approximately 1.9% of FVNB’s combined assessment area deposit base. Significant loan and deposit competitors in the area include, but are not limited to: International Bank of Commerce, First National Bank in Port Lavaca, Norwest Bank, Citizens State Bank, First Prosperity Bank, Mid-Coast Savings Bank, and American Express.

Lender market share reports for 1997 show that FVNB ranked first in the area for small farm loans (44.9%) and small business loans (34.6%). FVNB ranks fourth in home purchase loans with forty-eight loans originated in this area. They have not originated a significant amount of home improvement or refinance loans. A June 30, 1998, deposit market share report from the FDIC indicates that FVNB maintains the sixth highest percentage of deposits in Calhoun County at 1.9% of total deposits. The bank does not maintain a branch in Jackson County.

Predominant employment sectors in the area include agriculture, petrochemicals and refining, government, and wholesale and retail trade. Beef and poultry livestock, corn, rice, and cotton are the region’s main agricultural products.

Approximately 38% of the households in this assessment area receive public assistance or social security. Approximately 75% of the total housing units are occupied, and approximately 55% are owner-occupied.

Agriculture and small business lending has been identified as primary needs in this assessment area.

Appendix C: Tables of Performance Data

Content of Standardized Tables

The tables cover the entire CRA evaluation period. 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; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated 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 rank and market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (< \$500,000) to farms originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (< \$1 million) originated 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. The table also presents the percentage distribution of the number of loans originated 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 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (< \$500,000) originated 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. The table also presents the percentage distribution of the number of loans originated 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.

Table 13. Distribution of Branch and ATM Delivery System - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Table 1. Lending Volume

LENDING VOLUME													State: TEXAS		Assessment Period: JANUARY 1, 1997 TO DECEMBER 31, 1998	
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Bank Loans in Rated Area				
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)					
Full Scope:																
VICTORIA MSA	93.0	183	13,455	1,025	65,505	592	24,353	0	0	1,800	103,313	77.5%				
SAN PATRICIO CTY (CORPUS CHRISTI MSA)	5.1	6	487	37	5,439	68	8,712	0	0	111	14,638	4.8%				
CALHOUN & JACKSON CTY	1.9	54	3,336	91	4,627	266	23,395	0	0	411	31,358	17.7%				

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE													State: TEXAS		Assessment Period: JANUARY 1, 1997 TO DECEMBER 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full Scope:																
VICTORIA MSA	2.8%	0.0%	23.9%	17.9%	44.6%	37.9%	28.7%	44.3%	4	7.69	0	7.42	6.72	9.38	140	73%

SAN PATRICIO CTY (CORPUS CHRISTI MSA)	9.3%	0.0%	30.6%	66.7%	42.9%	0.0%	17.2%	33.3%	0	0	0	0	0	0	3	2%
CALHOUN & JACKSON CTY	N/A	N/A	N/A	N/A	80.9%	77.1%	19.1%	22.9%	4	10.34	N/A	N/A	14.0 7	12.8 2	48	25%

(*) Based on 1997 Aggregate HMDA Data only.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT State: TEXAS Assessment Period: JANUARY 1, 1997 TO DECEMBER 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full Scope:																
VICTORIA MSA	2.8%	0.0%	23.9%	16.7%	44.6%	33.3%	28.7%	50.0%	6	2.45	0	3.77	2.42	2.04	24	96%
SAN PATRICIO CTY (CORPUS CHRISTI MSA)	9.3%	0.0%	30.6%	0.0%	42.9%	0.0%	17.2%	0.0%	0	0	0	0	0	0	0	0%
CALHOUN & JACKSON CTY	N/A	N/A	N/A	N/A	80.9%	100.0%	19.1%	0.0%	0	0	N/A	N/A	0	0	1	4%

(*) Based on 1997 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE State: TEXAS Assessment Period: JANUARY 1, 1997 TO DECEMBER 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full Scope:																
VICTORIA MSA	2.8%	0.0%	23.9%	5.3%	16.7%	52.6%	33.3%	42.1%	6	5.19	0	0	5.77	6.56	19	70%

SAN PATRICIO CTY (CORPUS CHRISTI MSA)	9.3%	0.0%	30.6%	0.0%	42.9%	33.0%	17.2%	66.7%	44	0.75	0	0	0	3.03	3	11%
CALHOUN & JACKSON CTY	N/A	N/A	N/A	N/A	80.9%	40.0%	19.1%	60.0%	7	5.56	N/A	N/A	9.52	0	5	19%

(*) Based on 1997 Aggregate HMDA Data only.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS																	State: TEXAS		Assessment Period: JANUARY 1, 1997 TO DECEMBER 31, 1998				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans								
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full Scope:																							
VICTORIA MSA	1.9%	1.8%	51.0%	40.8%	24.6%	28.6%	22.5%	28.8%	1	51.03	65.00	55.28	47.15	48.48	1,025	89%							
SAN PATRICIO CTY (CORPUS CHRISTI MSA)	11.3%	0.0%	44.0%	81.1%	28.6%	5.4%	16.1%	13.5%	6	5.69	0	15.15	0	2.17	37	3%							
CALHOUN & JACKSON CTY	N/A	N/A	N/A	N/A	77.1%	76.9%	22.9%	23.1%	1	34.64	N/A	N/A	35.38	30.43	91	8%							

(*) Based on 1997 Aggregate Small Business Data only.

Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM																	State : TEXAS		Assessment Period: JANUARY 1, 1997 TO DECEMBER 31, 1998				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans								
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full Scope:																							
VICTORIA MSA	1.3%	0.7%	38.2%	5.9%	38.2%	67.2%	22.3%	26.2%	1	87.85	50.00	62.07	90.95	88.89	592	64%							
SAN PATRICIO CTY (CORPUS CHRISTI MSA)	8.8%	0.0%	33.9%	91.2%	38.2%	7.4%	19.1%	1.4%	2	28.81	0	48.39	9.09	6.25	68	7%							
CALHOUN & JACKSON CTY	N/A	N/A	N/A	N/A	96.7%	93.6%	3.3%	6.4%	1	44.87	N/A	N/A	48.26	4.17	266	29%							

(*) Based on 1997 Aggregate Small Farm Data only.

Table 7. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HMDA HOME PURCHASE										State: TEXAS		Assessment Period: JANUARY 1, 1997 TO DECEMBER 31, 1998				
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full Scope:																
VICTORIA MSA	23.8%	5.0%	15.8%	17.1%	20.6%	18.6%	39.8%	59.3%	4	8.07	4.46	7.58	4.28	11.55	140	73%
SAN PATRICIO CTY (CORPUS CHRISTI MSA)	27.1%	0.0%	17.8%	33.3%	18.3%	0%	36.8%	66.7%	0	0	0	0	0	0	3	2%
CALHOUN & JACKSON CTY	21.6%	4.2%	14.6%	10.4%	17.4%	12.5%	46.4%	72.9%	4	10.86	22.22	3.70	10.81	11.49	48	25%

(*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated by FVNB.

(**) Based on 1997 Aggregate HMDA Data only.

Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT										State: TEXAS		Assessment Period: JANUARY 1, 1997 TO DECEMBER 31, 1998				
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full Scope:																
VICTORIA MSA	23.8%	4.2%	15.8%	0.0%	20.6%	20.8%	39.8%	75.0%	6	2.50	3.23	0	1.39	3.52	24	96%
SAN PATRICIO CTY (CORPUS CHRISTI MSA)	27.1%	0.0%	17.8%	0.0%	18.3%	0.0%	36.8%	0.0%	0	0	0	0	0	0	0	0%
CALHOUN & JACKSON CTY	21.6%	0.0%	14.6%	0.0%	17.4%	0.0%	46.4%	100.0%	0	0	0	0	0	0	1	4%

(*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated by FVNB.

(**) Based on 1997 Aggregate HMDA Data only.

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE										State: TEXAS		Assessment Period: JANUARY 1, 1997 TO DECEMBER 31, 1998				
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full Scope:																
VICTORIA MSA	23.8%	0.0%	15.8%	15.8%	20.6%	0.0%	39.8%	84.2%	6	5.98	0	9.09	0	7.79	19	70%
SAN PATRICIO CTY (CORPUS CHRISTI MSA)	27.1%	0.0%	17.8%	0.0%	18.3%	0.0%	36.8%	100.0%	33	1.04	0	0	0	1.85	3	11%
CALHOUN & JACKSON CTY	21.6%	0.0%	14.6%	0.0%	17.4%	0.0%	46.4%	100.0%	7	6.25	0	0	0	7.41	5	19%

(*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated by FVNB.

(**) Based on 1997 Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS										State: OKLAHOMA		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998				
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans							
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size					
Full-Scope:																
VICTORIA MSA	92.1%	85.5%	50.5%	894	77	54	51.03	64.11	1,025	88.9%	\$64					
SAN PATRICIO CTY (CORPUS CHRISTI MSA)	94.2%	75.7%	56.4%	26	4	7	5.69	6.47	37	3.2%	\$147					
CALHOUN & JACKSON CTY	91.0%	84.6%	56.0%	79	10	2	34.64	44.55	91	7.9%	\$51					

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 0% of loans originated by FVNB.

(***) The market consists of all other Small Business reporters in FVNB's assessment area and is based on 1997 Aggregate Small Business Data only.

(****) Based on 1997 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM State: OKLAHOMA Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998											
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
VICTORIA MSA	100%	97.6%	93.2%	530	50	12	87.85	88.48	592	63.9%	\$41
SAN PATRICIO CTY (CORPUS CHRISTI MSA)	97.1%	100%	69.3%	33	26	9	28.81	31.48	68	7.4%	\$128
CALHOUN & JACKSON CTY	100%	97.0%	96.5%	189	48	29	44.87	44.85	266	28.7%	\$88

(*) As a percentage of farms with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 0% of loans originated by FVNB.

(***) The market consists of all other Small Farm reporters in FVNB's assessment area and is based on 1997 Aggregate Small Farm Data only.

(****) Based on 1997 Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: TEXAS Evaluation Period: OCTOBER 22, 1996 TO MAY 10, 1999									
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full-Scope:									
VICTORIA MSA	1	1	1.4	15	68	99.6	16	69	92.0
SAN PATRICIO CTY (CORPUS CHRISTI MSA)	0	0	0	0	0	0	0	0	0
CALHOUN & JACKSON CTY	0	0	0	2	6	100	2	6	8.0

Table 13. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM				STATE: Texas				Evaluation Period: October 22, 1996 to May 10, 1999									
MSA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total BANK Deposits	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Scope:																	
VICTORIA MSA	93.0	3	60%	0	1	0	2	10	77%	0	7	0	3	3.3	28.4	42.6	25.8
SAN PATRICIO CTY (CORPUS CHRISTI MSA)	5.1	1	20%	0	1	0	0	2	15%	0	2	0	0	10.5	32.4	41.9	15.2
CALHOUN & JACKSON CTY	1.9	1	20%	N/A	N/A	0	1	1	8%	N/A	N/A	0	1	N/A	N/A	80.1	19.9