



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

August 13, 2012

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

First National Bank
Charter Number 14124

100 W. Cano Street
Edinburg, TX 78540

Office of the Comptroller of the Currency

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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.

Table of Contents

OVERALL CRA RATING 1

DEFINITIONS AND COMMON ABBREVIATIONS 2

DESCRIPTION OF INSTITUTION 6

SCOPE OF THE EVALUATION..... 7

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW..... 9

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS..... 10

 LENDING TEST 10

 INVESTMENT TEST..... 17

 SERVICE TEST 18

APPENDIX A: SCOPE OF EXAMINATION..... A-1

APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS B-1

APPENDIX C: TABLES OF PERFORMANCE DATA C-1

Overall CRA Rating

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

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

Performance Levels	First National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
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:

- Lending activity reflects good responsiveness to credit needs in the bank’s assessment areas.
- The geographic distribution of loans is adequate.
- The distribution of loans to borrowers of different income levels is adequate.
- Community development lending had a positive impact on the Lending Test performance.
- The level of community development investments is good.
- Retail service delivery systems are accessible to geographies, businesses, and individuals of different income levels throughout the assessment areas of the bank.
- The bank provides a good level of community development services.

Definitions and Common Abbreviations

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

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

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

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

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

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

Activities that revitalize or stabilize-

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

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

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

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

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

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

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

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

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

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

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

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the 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 metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

First National Bank (FNB) is an intrastate bank headquartered in Edinburg, Texas. FNB operates 60 full service branches in the largest metropolitan areas along the Texas-Mexico border and north of this border. Branches along the international border are located in El Paso, Eagle Pass, Laredo, and Rio Grande City. Major cities located within the Rio Grande Valley include McAllen, Edinburg, Mission, Harlingen, and Brownsville. FNB previously expanded its footprint north of the border to include branches in or around Austin, Corpus Christi, Dallas, Houston, and San Antonio.

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

At June 30, 2012, FNB had \$3.5 billion in total assets. Net loans totaled \$2.1 billion and represented 60 percent of total assets. Loan portfolio includes commercial real estate (41 percent), residential real estate (20 percent), construction and development (19 percent), commercial and industrial (9 percent), consumer loans (2 percent), and other loans including agricultural loans (9 percent). Tier 1 capital totaled \$247 million and represented 7 percent of average assets.

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

The Office of the Comptroller of the Currency placed the bank under a formal enforcement action in January 2009. The action did not include any permanent restrictions to limit FNB from meeting credit needs of its community. However, its weakened financial condition did limit the bank's ability to originate loans and to participate in community development activities in its assessment areas. FNB received an "Outstanding" rating at its last CRA examination dated August 19, 2009.

Scope of the Evaluation

Evaluation Period/Products Evaluated

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

The evaluation period for the Lending Test, except for community development loans, covered January 1, 2010 through December 31, 2011. For the Investment Test, the Service Test, and community development loans, the evaluation period covered August 19, 2009, the date of the last CRA evaluation, through August 13, 2012. We based our conclusions for community development loans and qualified investments on the number and dollar amounts made during the evaluation period. We also considered the level of innovation, complexity, responsiveness to community credit needs, and the degree to which private investors do not provide these products.

Data Integrity

In January 2012, OCC personnel verified the accuracy of data made available to the public in accordance with HMDA and CRA loan data reporting requirements for 2009, 2010, and 2011. Public data includes home mortgage lending and small loans to businesses and farms. An unacceptable error rate in 2009 HMDA data resulted in no 2009 data used in this evaluation. Excluding the data did not significantly affect the overall performance level. We consider the 2010 and 2011 data reliable for use in this evaluation.

In January 2012 and during the CRA examination, OCC personnel reviewed non-public data that FNB management submitted for CD loans, CD investments, and CD services to verify it met the regulatory definition for community development.

Selection of Areas for Full-Scope Review

We selected the Harlingen AA, the Houston AA, and the McAllen AA for full-scope reviews because these AAs included a substantial share of FNB deposits, loans, and locations. In aggregate, the three AAs represent 80 percent of loans, 68 percent of total bank deposits, and 61 percent of locations.

We conducted limited-scope reviews for the remaining AAs: Austin AA, Corpus Christi AA, Dallas AA, Eagle Pass AA, El Paso AA, Laredo AA, San Antonio AA, and Starr County AA.

Please refer to Appendix A for more information.

Ratings

We based FNB's overall rating primarily on the assessment areas receiving full-scope reviews. Performance in the McAllen AA received the most weight because 55 percent of total loans and 40 percent of total deposits originated inside this AA during the evaluation period. Lending performance in home purchase loans received the most weight in determining the overall Lending Test rating, followed by small business lending, and, to a lesser extent, home refinance loans. Lending performance for home improvement and small farm purposes received less weight because the low volume of these loan products did not provide for meaningful analysis.

Other

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

For this examination, we reviewed six recent community contacts and completed two additional community contacts to determine credit needs and opportunities for financial institutions to meet those needs. The contacts indicated affordable housing and loans to small businesses continued as credit needs in the community. All contacts indicated banks generally provided good performance in meeting credit needs of the community, even with a perception that lending guidelines were tough to meet.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "**Low Satisfactory**".

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

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

Lending Activity

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

FNB's responsiveness to credit needs in its AAs during the evaluation period is adequate. Identified credit needs include home mortgage products for affordable housing and loans to small businesses. In the AAs, home mortgage loans comprised 57 percent of originated loans, and small loans to businesses comprised 40 percent. Community development lending was adequate and had a neutral effect on the Lending Test conclusions.

Overall lending volume in the bank's AAs is good. Market share data and rankings for deposits are from the FDIC's Summary of Deposits, Market Share Report as of June 30, 2011. Market share and rankings for loan information are from 2010 Peer Mortgage Data and 2010 Peer Small Business data. Each AA includes a large number of financial institutions resulting in aggressive competition for small loans to businesses and residential real estate loans.

Harlingen AA: FNB has 8 percent of the deposit market share and ranks 5th in this market. It ranks 10th for small loans to businesses with a 2.96 percent market share and 6th for home purchase loans with a market share of 3.83 percent. Average loan size for home purchase loans is \$271 thousand, compared to an average of \$131 thousand for all lenders.

Houston AA: FNB has 0.34 percent of the deposit market share and ranks 24th in this market. It ranks 46th for small loans to businesses with a 0.04 percent market share and 180th for home purchase loans with a market share of 0.03 percent. Average loan size for home purchase loans is \$922 thousand, significantly greater than an average of \$177 thousand for all lenders.

McAllen AA: FNB has 11.6 percent of the deposit market share and ranks 5th in this market. It ranks 13th for small loans to businesses with a 2.57 percent market share and 4th for home purchase loans with a market share of 6.55 percent. Average loan size for home purchase loans is \$156 thousand, compared to an average of \$130 thousand for all lenders.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

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

We provided the Home Improvement Loans and Home Mortgage Refinance Loans tables for informational purposes only as analyses of these products by borrower income levels are not meaningful. These products represent less than 0.1 percent and 7.95 percent, respectively, of total loan originations. FNB originated one home improvement loan and 82 home mortgage refinance loans spread over its 11 AAs, compared to 949 home purchase loans. In the full-scope areas, FNB originated the home improvement loan and 72 home mortgage refinance loans, or 100 percent and 88 percent, respectively, of the total reported loans in the full-scope areas.

Harlingen AA

The geographic distribution of home purchase loans is good. FNB did not originate any home purchase loans in low-income geographies. The distribution of loans in moderate-income geographies exceeds the percentage of owner-occupied housing units. FNB did not have a market share in low-income geographies. Its market share in moderate-income geographies significantly exceeds the overall market share.

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

Houston AA

The geographic distribution of home purchase loans is adequate. The distribution of loans in low-income and in moderate-income geographies is somewhat lower than the respective geographic percentages of owner-occupied housing units. FNB did not have a market share in low-income geographies. Its market share in moderate-income geographies significantly exceeds the overall market share.

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

McAllen AA

The geographic distribution of home purchase loans is adequate. The percentage of home purchase loans in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units. FNB's market share in moderate-income geographies significantly exceeds the overall market share. The McAllen AA does not include any geographies designated low-income.

The geographic distribution of multifamily loans is excellent. The distribution of loans in moderate-income geographies exceeds the percentage of multifamily units. FNB's market share in moderate-income geographies significantly exceeds the overall market share. The McAllen AA does not include any geographies designated low-income.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Harlingen AA

The geographic distribution of small loans to businesses in the Harlingen AA is excellent. The distribution of loans in low-income geographies is significantly lower than the percentage of small businesses in those areas. The percentage of loans in moderate-income geographies exceeds the percentage of small businesses located in moderate-income geographies. FNB did not have a market share in low-income geographies. Its market share in moderate-income geographies is near to the overall market share.

Houston AA

The geographic distribution of small loans to businesses in the Houston AA is poor. FNB did not originate any small loans to businesses in low-income geographies. The distribution of loans in moderate-income geographies is somewhat lower than the percentage of small businesses located in moderate-income geographies. FNB did not have a market share in low-income geographies. Its market share in moderate-income geographies is somewhat lower than the overall market share.

McAllen AA

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

Small Loans to Farms

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

We provide the table for informational purposes only as a geographic distribution analysis of small loans to farms is not meaningful. This product represents less than three percent of total loan originations; FNB originated 49 loans in the three full-scope review AAs and only 51 loans in all the AAs during the evaluation period. FNB did not originate any small loans to farms in the Houston AA.

Lending Gap Analysis

We reviewed maps and reports detailing FNB lending activity for home mortgages and small loans to businesses over the evaluation period to identify gaps in the geographic distribution of these loans. We did not identify any unexplained conspicuous gaps.

Inside/Outside Ratio

On a bank-wide level, the distribution of loans inside the AAs is excellent. FNB originated a substantial majority of loans, 95 percent of the number and 93 percent of the dollar volume, inside its AAs. The excellent distribution of loans originating inside the AAs factored positively in the overall analysis of lending performance.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

We provided the Home Improvement Loans and Home Mortgage Refinance Loans tables for informational purposes only as analyses of these products by borrower income levels are not meaningful. These products represent less than 0.1 percent and 7.95 percent, respectively, of total loan originations. FNB originated one home improvement loan and 82 home mortgage refinance loans spread over its 11 AAs, compared to 949 home purchase loans. In the full-scope areas, FNB originated the home improvement loan and 72 home mortgage refinance loans, or 100 percent and 88 percent, respectively, of the total reported loans in the full-scope areas.

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

Harlingen AA

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

The high level of households (29 percent) below the poverty level, along with the HUD Adjusted Median Family Income of \$33,700 for 2011 and an average sale price of \$115 thousand in 2011, the unsubsidized purchase of a single-family residence might be beyond the financial means of many individuals classified low- or moderate-income.

Houston AA

The distribution of home purchase loans by borrower income level is excellent. The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. FNB does not have a market share for low-income borrowers; its market share for moderate-income borrowers exceeds the overall market share.

McAllen AA

The distribution of home purchase loans by borrower income level is poor. While the percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA, FNB's market share for low-income borrowers substantially exceeds its overall market share. The percentage of loans to moderate-income borrowers is lower than the percentage of moderate-income families in the AA. FNB's market share for moderate-income borrowers is near to the overall market share.

The high level of households (32 percent) below the poverty level, along with the HUD Adjusted Median Family Income of \$33,700 for 2011 and an average sale price of \$124 thousand in 2011, the unsubsidized purchase of a single-family residence might be beyond the financial means of many individuals classified low- or moderate-income.

Small Loans to Businesses

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

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

Harlingen AA

FNB's percentage of small loans to businesses with annual revenues of \$1 million or less is somewhat lower than the percentage of businesses with annual revenues of \$1 million or less in the AA. FNB's market share to businesses with annual revenues of \$1 million or less exceeds the overall market share.

Houston AA

FNB's percentage of small loans to businesses with annual revenues of \$1 million or less is somewhat lower than the percentage of businesses with annual revenues of \$1 million or less in the AA. FNB's market share to businesses with annual revenues of \$1 million or less exceeds the overall market share.

McAllen AA

FNB's percentage of small loans to businesses with annual revenues of \$1 million or less is near to the percentage of businesses with annual revenues of \$1 million or less in the AA. FNB's market share to businesses with annual revenues of \$1 million or less exceeds the overall market share.

Small Loans to Farms

Refer to Table 12 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

We provided the table for informational purposes only as a distribution analysis of small loans to farms by revenue is not meaningful. This product represents less than three percent of total loan originations. FNB originated only 49 loans in the full-scope review AAs during the evaluation period; none originated in the Houston AA.

Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

FNB has an adequate level of CD loans in its AAs, which had a positive impact on the overall Lending Test conclusions. FNB originated 24 CD loans totaling \$81.4 million that met the CD eligibility definition during the evaluation period. Management provided numerous other CD loans for our review, however, most lacked sufficient documentation to support eligibility and were not included in this evaluation.

Of the 24 eligible CD loans, four loans totaling \$5 million originated in the Harlingen AA, eight loans totaling \$40 million originated in the Houston AA, and seven loans totaling \$16.7 million originated in the McAllen AA. The loans financed community development activities such as community services, economic development, and affordable housing. None are considered complex or innovative.

Examples of CD Lending:

- FNB originated 13 loans totaling \$51.8 million to finance activities that provide community services to low- and moderate-income individuals and/or geographies. Two loans totaling \$2.2 million originated in the Harlingen AA; three loans totaling \$26.4 million originated in the Houston AA; four loans totaling \$5.2 million originated in the McAllen AA; two loans totaling \$8.6 million originated in the Dallas AA; and two loans totaling \$9.5 million originated in the San Antonio AA.

- FNB originated six loans totaling \$15 million that provided permanent financing for purchase and renovation of individual and multi-family units with affordable housing costs for low- and moderate-income individuals. Four loans totaling \$11.3 million originated in the Houston AA and two loans totaling \$3.8 million originated in the McAllen AA.
- FNB originated five loans totaling \$14.6 million for economic development of small businesses. Two loans totaling \$3 million originated in the Harlingen AA; one loan totaling \$2.8 million originated in the Houston AA; one loan totaling \$7.8 million originated in the McAllen AA; and one loan totaling \$1 million originated in the El Paso AA.

In addition, FNB originated a \$54 million loan in the Fort Worth Assessment Area in June 2010. (FNB closed its Fort Worth branch location and did not include it in its list of assessment areas after July 2010.) The borrower used the funds to complete construction of a health-care facility/hospital that closed in 2000. The facility, located in a moderate-income census tract, provides health care services in an area that previously lacked these services. Supporting documentation reflected that 60 percent of the hospital revenue comes from Medicaid and Medicare programs.

FNB also originated six loans totaling \$15 million that qualify as community development loans outside its assessment areas. Four loans totaling \$11.8 million financed activities that provided community services to low- and moderate-income individuals and/or geographies; three loans totaling \$10.6 million originated in the Fort Worth area after July 2010; and one loan totaling \$1.2 million originated in a non-metropolitan area located in Kleberg County. One loan totaling \$1.7 million refinanced the purchase of an 82-unit apartment complex participating in the Housing Assistance Program; government subsidies for the entire complex make housing costs affordable to low- and moderate-income individuals. One loan totaling \$1.5 million originated in the Fort Worth area for economic development of small businesses.

Product Innovation and Flexibility

In 2011, FNB began a Builders Loan Program to assist with the completion of stalled and stopped subdivision developments that resulted when some builders could not qualify for additional loans. The program provides funding to builders and developers of FNB-financed subdivisions. It also provides funding for borrowers who purchase the homes built under the program. The program calls for special financing at special terms to construct speculative homes. FNB offers mortgage loans to purchasers of these homes with fixed interest rates, 30-year term, and actual FNB costs. While this program did not specifically target low- and moderate-income homeowners, FNB originated 220 mortgage loans.

In partnership with Fannie Mae, FNB began participating in the Home Affordable Modification Program (HAMP) in October 2011. The program is a uniform loan modification process that provides eligible borrowers in default or at imminent risk of default with affordable monthly payments. During the evaluation period, 30 loans were submitted for this program.

Conclusions for Areas Receiving Limited-Scope Reviews

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

Based on limited-scope reviews, the bank's performance in the Austin, Corpus Christi, Dallas, Eagle Pass, El Paso, Laredo, San Antonio, and Starr County AAs is not inconsistent with the overall "Low Satisfactory" rating.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

FNB's performance under the Investment Test is rated "High Satisfactory". Based on full-scope reviews, performance in the Harlingen, Houston, and McAllen 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.

FNB has a good dollar volume of qualified investments that meet the needs of their AAs. Refer to the Market Profiles in Appendix B for comments regarding the investment opportunities in each AA. The dollar volume of qualified investments totaled \$24.7 million and included prior period investments of \$11.3 million. Qualified investments represented 10 percent of Tier 1 capital at June 30, 2012, below the 15 percent limit allowed by 12 USC 24.

During the evaluation period, FNB funded \$12 million to the FNB Community Development Corporation (CDC) for the redevelopment, rehabilitation, and repair of businesses that serve low- and moderate-income individuals in the Houston AA. The CDC funded two loans that provided temporary and long-term housing to families displaced by Hurricane Ike and temporary housing for construction/installation crews working to rehabilitate disaster areas.

FNB also made a \$1 million investment in Fannie Mae bonds collateralized by the Wesley Square Apartments located in a low-income census tract in the Houston AA. The apartment complex provides affordable housing to low- and moderate-income individuals under a federal housing assistance payments contract whereby all 252 units are subject to restrictions on tenant income in accordance with Section 8 of the U.S. Housing Act of 1937.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, FNB's performance under the investment test in the Austin, Corpus Christi, Dallas, Eagle Pass, El Paso, Laredo, San Antonio, and Starr County AAs is not inconsistent with the overall "High Satisfactory" performance under the Investment Test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions. Significant qualified investments in the limited-review areas include:

In the Laredo AA, the bank had an outstanding \$9.87 million investment under the New Markets Tax Credit (NMTC) program for a project in that AA. The investment is part of an original \$11 million investment made in August 2005 under the NMTC program to provide a loan to Gateway Community Health Center (Gateway). The investment was made through the Corporation for the Development of

Community Health Centers, Inc. (CDCHC), a Community Development Financial Institution. CDCHC made a zero percent loan to Gateway to build a new community health facility in Laredo, Texas. The facility provides primary medical, dental, and mental health care, along with preventative health education services, to local residents.

In the El Paso AA, the bank had a \$1.428 million investment outstanding from the prior evaluation period in the FNB Community Development Corporation. The original commitment totaled \$1.5 million and originated in December 2008. The Starr County Industrial Foundation purchased a building to use as the Workforce Solutions office. The Starr County Industrial Foundation, established in 1974, is a non-profit organization originally funded and supported by local government and business leaders. Its purpose is to further develop and diversify the local economy through sound controlled growth. Over the years, the corporation has developed a core competency in a varied spectrum of administrative and promotional roles, which has placed it in a position to capitalize industrial and economical development in Starr County.

In the Eagle Pass AA, a distressed, non-metropolitan, middle-income geography, FNB purchased a \$1.5 million municipal revenue bond during the evaluation period. The investment helps to revitalize and stabilize Maverick County by providing financing for essential long-term infrastructure necessary to attract and retain businesses and residents. The funds were used for sewer infrastructure improvements, reconstruction or improvement of county buildings, and installation of street lighting.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

FNB's performance under the Service Test is rated "**High Satisfactory**". Based on full-scope reviews, performance in the Harlingen AA and in the McAllen AA is good, and performance in the Houston AA 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.

The delivery system in the Harlingen AA is good. FNB meets the needs of moderate-income individuals with two of nine branches (22 percent) located in moderate-income geographies. The percentage is somewhat lower than the percentage of the population that resides in moderate-income census tracts (26 percent); however, two of the remaining seven branches are located in tracts adjacent to moderate-income tracts improving overall accessibility to the residents in the moderate-income tracts. While there are no branches in low-income geographies, only two percent of the population resides in these areas.

The delivery system in the Houston AA is adequate. FNB meets the needs of moderate-income individuals with two of seven branches (29 percent) located in moderate-income geographies. The percentage is somewhat lower than the percentage of the population that resides in moderate-income census tracts (33 percent); however, two of the remaining five branches are located in tracts adjacent to moderate-income tracts improving overall accessibility to residents in the moderate-income tracts.

There are no branches in low-income geographies; however, only eight percent of the population resides in these geographies.

The delivery system in the McAllen AA is good. FNB meets the needs of moderate-income individuals with three of 19 branches (16 percent) located in moderate-income geographies. The percentage is somewhat lower than the percentage of the population that resides in moderate-income census tracts (30 percent); however, three of the remaining 16 branches are located in tracts adjacent to moderate-income tracts improving overall accessibility to residents in the moderate-income tracts. This AA does not include any low-income census tracts.

Consistent bank hours exist at all locations; lobby hours run from 9 AM to 5 PM and drive-through locations operate from 8 AM to 6 PM, Monday through Friday. Drive-through locations exist at each branch and stay open on Saturdays from 8 AM to 12 noon. The FNB Customer Service Team provides assistance from 8 AM to 6 PM, Monday through Friday and from 9 AM to 1 PM on Saturdays.

Community Development Services

FNB's performance is good in the Harlingen AA and McAllen AA and adequate in the Houston AA. Efforts that demonstrate a commitment to CD include providing technical assistance on financial and banking matters to community groups, low- and moderate-income individuals and families, and small businesses. FNB bank officers provide financial literacy presentations to individuals of all ages in the area. In the McAllen AA, bank officers made presentations to students and parents at area schools using materials in Spanish and English provided by the Federal Deposit Insurance Corporation to help everyone comprehend topics, such as checking account basics, potential fees, and maintaining a check register.

Several bank officers provided technical financial advice to organizations whose primary purpose is community development. The organizations include the Rio Grande Valley Indigent Healthcare Corporation, Edinburg Housing Authority, Alamo Boys and Girls Club, Edinburg Boys and Girls Club, and The Salvation Army. Bank officers served in leadership roles such as Board Members, Directors, or Committee Chairs. Examples of FNB's community development services include:

City of Brownsville (Harlingen AA) - FNB participates in the Brownsville Down Payment Assistance Program. Bank employees counsel potential applicants on program requirements and educate individuals about the additional financial requirements of home ownership, i.e., taxes, insurance, and home maintenance.

Edinburg Housing Authority (McAllen AA) - A bank officer spoke to housing authority tenants at the 2011 *Preparing for a Brighter Economic Future* conference. The officer discussed transitioning from publicly assisted housing programs to home ownership and the steps needed in order to reach those goals. He also informed tenants about available programs and loan qualifications for individuals seeking to start new businesses locally and helpful resources for those individuals.

Mid Valley House (McAllen AA) - FNB offers residents of the Mid Valley House, a halfway house for ex-convicts, reduced-fee savings accounts. The halfway house provides monitoring services, temporary housing, and transitional services for ex-convicts. The House requires residents to find a job and, with each paycheck, to deposit at least \$5 into a savings account. FNB waives minimum amount to open a deposit account and does not assess monthly service charge fees for one year.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, FNB’s performance under the Service Test in the Austin, Corpus Christi, El Paso, and Laredo AAs is weaker than the overall “High Satisfactory” performance. FNB’s performance in the Dallas, Eagle Pass, San Antonio, and Starr County AAs is stronger than the overall “High Satisfactory” performance under the Service Test. Stronger or weaker performance in limited scope areas had no material effect on the overall Service Test rating. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/2010 to 12/31/2011 Investment and Service Tests and CD Loans: 08/19/2009 to 08/13/2012	
Financial Institution	Products Reviewed	
First National Bank (FNB), Edinburg, Texas	Home Mortgage, Small Business/Small Farm, Community Development Loans, Community Development Investments, and Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
First National Bank Group, Inc.	Holding Company	None
First National Group Community Development Corporation (CDC)	Affiliate	Loans
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Harlingen AA	Full-Scope	Includes entire Brownsville-Harlingen-San Benito MSA
Houston AA	Full-Scope	Does not include entire Houston MSA
McAllen AA	Full-Scope	Includes entire McAllen-Edinburg-Mission MSA
Austin AA	Limited Scope	Does not include entire Austin MSA
Corpus Christi AA	Limited Scope	Does not include entire Corpus Christi MSA
Dallas AA	Limited Scope	Does not include entire Dallas-Fort Worth MSA
Eagle Pass AA	Limited Scope	Includes entire Val Verde County Non-MSA
El Paso AA	Limited Scope	Includes entire El Paso MSA
Laredo AA	Limited Scope	Includes entire Laredo MSA
San Antonio AA	Limited Scope	Does not include entire San Antonio MSA
Starr County AA	Limited Scope	Includes entire Starr County Non-MSA

Appendix B: Market Profiles for Full-Scope Areas

Harlingen Assessment Area

Demographic Information for Full Scope Area: Harlingen Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	86	3.49	27.91	39.53	29.07	0.00
Population by Geography	335,227	2.26	25.87	42.69	29.18	0.00
Owner-Occupied Housing by Geography	65,854	0.87	21.06	43.90	34.18	0.00
Business by Geography	26,914	2.78	21.94	34.70	40.58	0.00
Farms by Geography	548	1.09	8.21	54.20	36.50	0.00
Family Distribution by Income Level	80,213	23.75	16.04	17.82	42.40	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	31,915	3.63	33.93	43.20	19.24	0.00
Median Family Income		28,017	Median Housing Value		55,770	
HUD Adjusted Median Family Income for 2011		33,700	Unemployment Rate (2000 US Census)		4.18%	
Households Below Poverty Level		29%				

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

Source: 2000 US Census and 2011 HUD updated MFI

The Harlingen AA encompasses the Brownsville-Harlingen MSA and includes all of Cameron County, Texas. The defined AA meets the requirements of the CRA and does not arbitrarily exclude any low- or moderate-income tracts. Major cities include Brownsville, Harlingen, and San Benito. The average sales price for a home in 2011 was \$120,000 according to the Real Estate Center at Texas A&M University.

FNB faces strong competition in the Harlingen AA market from multinational and regional banking companies such as Wells Fargo, Compass Bank, International Bank of Commerce, and JP Morgan Chase Bank. Several other community banks located in the Rio Grande Valley also have branches in the AA. At June 30, 2011, FNB deposits in this AA account for 12 percent of total deposits. Of the total HMDA and CRA loans reported during the evaluation period, 20 percent of the number and 16 percent of the dollars originated in this AA. FNB operates nine full service branches and offers a full-range of banking products and services in this AA, with particular emphasis on loans to small businesses and consumers.

Demographic and economic conditions are improving in the Harlingen AA. Cross-border traffic has slowed, but renewed tourist activity at South Padre Island boosted retail, leisure, and other smaller service industries. Leading industries include education, state and local government, home health care services, and retail trade. Major employers include area school districts and colleges, federal and state government, and the private sector includes AMFELS, HEB Grocery Stores, Wal-Mart Stores, and the Valley Baptist Health System. The MSA reported an annual unemployment rate of 11.5 percent as of December 31, 2011.

Market data on HMDA lending indicates there is a lower than average demand for purchase money mortgage loans in the bank's trade area. The high level of families below the poverty level, coupled with the high unemployment rate, median sales price and average sales price of a home, means many individuals cannot qualify for home mortgage loans.

Competition among financial institutions for CD opportunities is strong primarily due to the Rio Grande Valley Multi-Bank CDC; FNB is not a member. While CD opportunities did slow down, there is a continued need for more affordable housing and small business financing. CD opportunities are expected to increase as the economy improves.

Houston Assessment Area

Demographic Information for Full Scope Area: Houston Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	696	9.20	33.33	27.87	28.45	1.15
Population by Geography	3,694,346	7.71	32.87	29.21	30.16	0.06
Owner-Occupied Housing by Geography	747,879	3.55	24.97	30.44	41.03	0.00
Business by Geography	531,904	4.37	22.74	27.53	44.66	0.70
Farms by Geography	7,744	3.41	18.96	34.01	43.35	0.27
Family Distribution by Income Level	921,353	23.73	17.79	18.74	39.74	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	382,486	13.27	46.11	27.44	13.18	0.00
Median Family Income		51,431	Median Housing Value			100,914
HUD Adjusted Median Family Income for 2011		66,000	Unemployment Rate (2000 US Census)			3.06%
Households Below Poverty Level		13%				

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

Source: 2000 US Census and 2011 HUD updated MFI

The Houston AA encompasses Harris and Montgomery Counties, which are part of the Houston-Sugarland-Baytown MSA. The defined AA meets the requirements of the CRA and does not arbitrarily exclude any low- or moderate-income tracts. The largest city in the AA is Houston. FNB has seven full service branches in the Houston AA that offer a full-range of banking products and services with particular emphasis on loans to small businesses and consumers. At June 30, 2011, the AA accounts for 17 percent of FNB's total deposits. Of the total HMDA and CRA loans reported during the evaluation period, 6 percent of the number and 20 percent of the dollars originated in this AA. The average sales price of a home in 2011 was \$155,900 according to the Real Estate Center at Texas A&M University.

The MSA reported an annual unemployment rate of 8.3 percent as of December 31, 2011. The Houston recovery lagged the recoveries in Texas in large part due to the slower than average rebound in professional services; however, energy exploration and petrochemical manufacturing increases mitigate the slow rate. The housing market has not yet improved, but is expected to advance once the local job market revives. While mortgage delinquency and foreclosure rates are elevated, they remain significantly below the U.S. averages.

Economic conditions reflect positive trends when compared to national problems with commercial real estate and residential housing. Leading industries include state and local government, retail trade, health service sectors, and professional/business services. Major employers include area colleges and universities, Wal-Mart Stores, Administaff, ExxonMobil Corporation, Continental Airlines, Shell Oil, and HEB Groceries.

McAllen Assessment Area

Demographic Information for Full Scope Area: McAllen Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	80	0.00	28.75	47.50	23.75	0.00
Population by Geography	569,463	0.00	29.73	48.29	21.98	0.00
Owner-Occupied Housing by Geography	114,570	0.00	27.56	48.45	23.99	0.00
Business by Geography	51,767	0.00	19.10	40.58	40.32	0.00
Farms by Geography	847	0.00	16.41	46.52	37.07	0.00
Family Distribution by Income Level	133,186	23.48	16.86	17.67	41.98	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	53,733	0.00	37.97	48.96	13.07	0.00
Median Family Income		25,988	Median Housing Value		49,916	
HUD Adjusted Median Family Income for 2011		33,700	Unemployment Rate (2000 US Census)		4.33%	
Households Below Poverty Level		32%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 US Census and 2011 HUD updated MFI

The McAllen AA encompasses all of Hidalgo County, Texas and includes the McAllen-Edinburg-Mission MSA. The defined AA meets the requirements of the CRA and does not arbitrarily exclude any low- or moderate-income tracts; however, none of the census tracts are designated low-income. Major cities include McAllen, Edinburg, Mission, Pharr, and Weslaco. The average sale price of a home in 2011 was \$124,200, according to the Real Estate Center at Texas A&M University.

FNB’s main competitors in the AA include other large community banks such as Inter National Bank of McAllen and Lone Star National Bank, along with several smaller community banks. Branches of multinational and regional banking companies, such as Compass Bank, Wells Fargo, International Bank of Commerce, Frost Bank, and JP Morgan Chase Bank also provide competition. At June 30, 2011, FNB’s deposits in this AA account for 40 percent of total deposits. Of the total HMDA and CRA loans reported during the evaluation period, 54 percent of the number and 42 percent of the dollars originated in this AA. FNB operates 19 full service branches that offer a full-range of banking products and services with particular emphasis on loans for affordable housing, small business loans, and loans for consumer purposes.

Economic conditions reflect positive trends with strong population growth and low cost of living. However, high poverty rates, rising business costs, and extremely low per capital income will continue to impact economic growth. Leading industries include medical services/hospitals, local school districts and colleges, and HEB Groceries.

Market data on HMDA lending indicated a lower than average demand for purchase money mortgage loans in FNB’s trade area. The high level of families living below the poverty level, coupled with high unemployment rate and average sales price of a home, means many cannot qualify for home mortgage loans. The MSA reported an annual unemployment rate of 11.3 percent as of December 31, 2011, which is higher than the state average.

A good level of CD opportunities exists in this AA. Community contacts identified credit needs that include small business financing, affordable housing, and small consumer loans. Several government and non-profit organizations, such as the McAllen Housing Authority, Mercedes Housing Authority, and McAllen Affordable Homes, Inc., help provide home ownership counseling, construction, and financing of affordable homes in Hidalgo County. The MSA also includes several areas identified as Federally-designated Empowerment Zones, primarily for affordable housing.

During a previous evaluation period, FNB created CD investment opportunities through its formation of the First National Group Community Development Corporation in Edinburg to serve Hidalgo County. Bank management has invested in this corporation, so it could provide loans to individuals and businesses; however, in this evaluation period, FNB had limited opportunities to invest. See the Investment Test section of the Performance Evaluation (PE) for additional information.

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: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. 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/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's 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.

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

Table 1. Lending Volume

LENDING VOLUME												
Geography: TEXAS												
Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011												
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Harlingen Assessment Area	19.53	200	47,024	150	18,458	18	1,317	4	5,192	372	71,991	11.98
Houston Assessment Area	5.89	64	40,582	47	9,097	0	0	8	40,496	119	90,175	16.76
McAllen Assessment Area	54.78	669	107,470	332	65,671	31	4,218	7	16,681	1039	194,040	39.71
Limited Review:												
Austin Assessment Area	1.75	10	7,920	23	4,372	0	0	0	0	33	12,292	5.44
Corpus Christi Assessment Area	5.52	25	12,289	79	12,524	0	0	0	0	104	24,813	5.60
Dallas Assessment Area	1.06	11	1,798	9	993	0	0	2	8,550	22	11,341	5.94
Eagle Pass Assessment Area	1.65	1	250	29	4,909	1	142	0	0	31	5,301	2.32
El Paso Assessment Area	1.80	19	1,341	15	4,025	0	0	1	1,020	35	6,366	1.84
Laredo Assessment Area	3.24	16	1,992	45	3,476	0	0	0	0	61	5,468	3.94
San Antonio Assessment Area	2.71	30	19,573	21	4,811	0	0	2	9,502	53	33,886	5.47
Starr County Assessment Area	2.07	33	5,737	5	539	1	231	0	0	39	6,507	0.99

* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2011 to December 31, 2011.

*** Deposit Data as of August 20, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: TEXAS				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011						Market Share (%) by Geography [†]				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans						
Full Review:																
Harlingen Assessment Area	179	18.94	0.87	0.00	21.06	21.23	43.90	35.20	34.18	43.58	3.50	0.00	9.09	4.11	2.51	
Houston Assessment Area	47	4.97	3.55	2.13	24.97	12.77	30.44	57.45	41.03	27.66	0.02	0.00	0.04	0.02	0.01	
McAllen Assessment Area	597	63.17	0.00	0.00	27.56	18.09	48.45	51.59	23.99	30.32	6.42	0.00	10.04	7.12	4.89	
Limited Review:																
Austin Assessment Area	9	0.95	3.00	11.11	16.72	0.00	40.19	33.33	40.10	55.56	0.01	0.14	0.00	0.01	0.01	
Corpus Christi Assessment Area	18	1.90	3.82	0.00	24.93	22.22	40.45	38.89	30.80	38.89	0.22	0.00	0.79	0.15	0.17	
Dallas Assessment Area	11	1.16	4.24	27.27	29.53	54.55	35.01	9.09	31.22	9.09	0.03	0.16	0.09	0.01	0.01	
Eagle Pass Assessment Area	1	0.11	2.88	0.00	86.92	100.00	10.20	0.00	0.00	0.00	0.35	0.00	0.50	0.00	0.00	
El Paso Assessment Area	19	2.01	0.92	0.00	26.70	0.00	34.90	0.00	37.48	100.00	0.11	0.00	0.00	0.00	0.28	
Laredo Assessment Area	14	1.48	0.12	0.00	34.45	0.00	33.06	0.00	32.37	100.00	0.09	0.00	0.00	0.00	0.14	
San Antonio Assessment Area	20	2.12	1.94	10.00	34.52	35.00	26.83	15.00	36.71	40.00	0.04	1.02	0.03	0.04	0.03	
Starr County Assessment Area	30	3.17	60.31	80.00	39.69	20.00	0.00	0.00	0.00	0.00	18.63	29.31	4.55	0.00	0.00	

[†] Based on 2010 Peer Mortgage Data (USPR)

^{**} 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

^{****} Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: TEXAS				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011						Market Share (%) by Geography [*]				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans						
Full Review:																
Harlingen Assessment Area	0	0.00	0.87	0.00	21.06	0.00	43.90	0.00	34.18	0.00	0.00	0.00	0.00	0.00	0.00	
Houston Assessment Area	1	100.00	3.55	0.00	24.97	0.00	30.44	100.00	41.03	0.00	0.00	0.00	0.00	0.00	0.00	
McAllen Assessment Area	0	0.00	0.00	0.00	27.56	0.00	48.45	0.00	23.99	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Austin Assessment Area	0	0.00	3.00	0.00	16.72	0.00	40.19	0.00	40.10	0.00	0.00	0.00	0.00	0.00	0.00	
Corpus Christi Assessment Area	0	0.00	3.82	0.00	24.93	0.00	40.45	0.00	30.80	0.00	0.00	0.00	0.00	0.00	0.00	
Dallas Assessment Area	0	0.00	4.24	0.00	29.53	0.00	35.01	0.00	31.22	0.00	0.00	0.00	0.00	0.00	0.00	
Eagle Pass Assessment Area	0	0.00	2.88	0.00	86.92	0.00	10.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
El Paso Assessment Area	0	0.00	0.92	0.00	26.70	0.00	34.90	0.00	37.48	0.00	0.00	0.00	0.00	0.00	0.00	
Laredo Assessment Area	0	0.00	0.12	0.00	34.45	0.00	33.06	0.00	32.37	0.00	0.00	0.00	0.00	0.00	0.00	
San Antonio Assessment Area	0	0.00	1.94	0.00	34.52	0.00	26.83	0.00	36.71	0.00	0.00	0.00	0.00	0.00	0.00	
Starr County Assessment Area	0	0.00	60.31	0.00	39.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

^{*} Based on 2010 Peer Mortgage Data (USPR)

^{**} 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

^{****} Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: TEXAS					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography [*]													
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Harlingen Assessment Area	9	10.98	0.87	11.11	21.06	11.11	43.90	44.44	34.18	33.33	0.32	2.04	0.00	0.37	0.23									
Houston Assessment Area	8	9.76	3.55	12.50	24.97	50.00	30.44	12.50	41.03	25.00	0.02	0.12	0.09	0.01	0.01									
McAllen Assessment Area	55	67.07	0.00	0.00	27.56	27.27	48.45	34.55	23.99	38.18	1.12	0.00	3.13	1.11	0.63									
Limited Review:																								
Austin Assessment Area	0	0.00	3.00	0.00	16.72	0.00	40.19	0.00	40.10	0.00	0.00	0.00	0.00	0.00	0.00									
Corpus Christi Assessment Area	5	6.10	3.82	0.00	24.93	0.00	40.45	0.00	30.80	100.00	0.00	0.00	0.00	0.00	0.00									
Dallas Assessment Area	0	0.00	4.24	0.00	29.53	0.00	35.01	0.00	31.22	0.00	0.00	0.00	0.00	0.00	0.00									
Eagle Pass Assessment Area	0	0.00	2.88	0.00	86.92	0.00	10.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00									
El Paso Assessment Area	0	0.00	0.92	0.00	26.70	0.00	34.90	0.00	37.48	0.00	0.00	0.00	0.00	0.00	0.00									
Laredo Assessment Area	2	2.44	0.12	0.00	34.45	0.00	33.06	0.00	32.37	100.00	0.22	0.00	0.00	0.00	0.29									
San Antonio Assessment Area	0	0.00	1.94	0.00	34.52	0.00	26.83	0.00	36.71	0.00	0.00	0.00	0.00	0.00	0.00									
Starr County Assessment Area	3	3.66	60.31	100.00	39.69	0.00	0.00	0.00	0.00	0.00	2.33	4.00	0.00	0.00	0.00									

^{*} Based on 2010 Peer Mortgage Data (USPR)

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

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

^{****} Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: TEXAS					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011					Market Share (%) by Geography [*]				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% of MF Units ^{***}	% BANK Loans ^{****}	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans						
Full Review:																
Harlingen Assessment Area	12	24.00	2.93	8.33	15.31	25.00	19.84	33.33	61.92	33.33	55.56	100.00	75.00	50.00	44.44	
Houston Assessment Area	8	16.00	10.44	25.00	35.44	62.50	31.11	12.50	23.01	0.00	4.17	8.33	13.33	0.00	0.00	
McAllen Assessment Area	17	34.00	0.00	0.00	11.56	23.53	31.77	47.06	56.67	29.41	21.43	0.00	33.33	18.75	20.00	
Limited Review:																
Austin Assessment Area	1	2.00	17.82	0.00	30.83	0.00	35.62	100.00	15.72	0.00	0.00	0.00	0.00	0.00	0.00	
Corpus Christi Assessment Area	2	4.00	7.54	0.00	13.95	0.00	46.84	0.00	31.67	100.00	0.00	0.00	0.00	0.00	0.00	
Dallas Assessment Area	0	0.00	18.13	0.00	36.96	0.00	30.79	0.00	14.12	0.00	0.00	0.00	0.00	0.00	0.00	
Eagle Pass Assessment Area	0	0.00	0.72	0.00	65.06	0.00	34.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
El Paso Assessment Area	0	0.00	11.43	0.00	31.34	0.00	26.23	0.00	31.00	0.00	0.00	0.00	0.00	0.00	0.00	
Laredo Assessment Area	0	0.00	2.50	0.00	18.94	0.00	41.52	0.00	37.04	0.00	0.00	0.00	0.00	0.00	0.00	
San Antonio Assessment Area	10	20.00	1.89	0.00	36.43	40.00	38.94	40.00	22.74	20.00	16.00	0.00	11.11	21.05	15.38	
Starr County Assessment Area	0	0.00	24.75	0.00	75.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

^{*} Based on 2010 Peer Mortgage Data (USPR)

^{**} Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

^{***} Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

^{****} Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: TEXAS				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans						
Full Review:																
Harlingen Assessment Area	150	19.87	2.78	0.67	21.94	26.00	34.70	28.00	40.58	45.33	2.96	0.00	2.69	2.66	3.99	
Houston Assessment Area	47	6.23	4.37	0.00	22.74	12.77	27.53	34.04	44.66	53.19	0.04	0.00	0.03	0.05	0.05	
McAllen Assessment Area	332	43.97	0.00	0.00	19.10	24.10	40.58	41.57	40.32	34.34	2.57	0.00	3.47	3.46	1.99	
Limited Review:																
Austin Assessment Area	23	3.05	3.92	4.35	14.12	21.74	36.95	21.74	44.94	52.17	0.06	0.12	0.12	0.03	0.06	
Corpus Christi Assessment Area	79	10.46	9.68	18.99	20.95	27.85	37.56	35.44	31.82	17.72	0.83	0.20	1.52	0.96	0.63	
Dallas Assessment Area	9	1.19	5.26	0.00	27.40	33.33	32.82	44.44	32.66	22.22	0.01	0.00	0.02	0.02	0.01	
Eagle Pass Assessment Area	29	3.84	2.88	6.90	82.80	79.31	14.32	13.79	0.00	0.00	3.13	8.33	3.15	2.63	0.00	
El Paso Assessment Area	15	1.99	6.19	0.00	26.37	13.33	28.59	6.67	38.85	80.00	0.10	0.00	0.06	0.00	0.20	
Laredo Assessment Area	45	5.96	4.33	0.00	18.94	17.78	21.74	15.56	54.99	66.67	0.74	0.00	1.18	0.23	0.89	
San Antonio Assessment Area	21	2.78	1.66	4.76	27.08	9.52	26.68	42.86	44.34	42.86	0.06	0.00	0.02	0.07	0.07	
Starr County Assessment Area	5	0.66	52.09	20.00	47.91	80.00	0.00	0.00	0.00	0.00	0.46	1.11	0.00	0.00	0.00	

* Based on 2010 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2011).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: TEXAS					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
Full Review:																
Harlingen Assessment Area	18	35.29	1.09	0.00	8.21	11.11	54.20	83.33	36.50	5.56	13.85	0.00	13.33	20.00	9.09	
Houston Assessment Area	0	0.00	3.41	0.00	18.96	0.00	34.01	0.00	43.35	0.00	0.00	0.00	0.00	0.00	0.00	
McAllen Assessment Area	31	60.78	0.00	0.00	16.41	16.13	46.52	38.71	37.07	45.16	14.71	0.00	5.88	12.20	29.03	
Limited Review:																
Austin Assessment Area	0	0.00	1.86	0.00	14.08	0.00	45.53	0.00	38.53	0.00	0.00	0.00	0.00	0.00	0.00	
Corpus Christi Assessment Area	0	0.00	4.86	0.00	15.26	0.00	45.53	0.00	34.35	0.00	0.00	0.00	0.00	0.00	0.00	
Dallas Assessment Area	0	0.00	4.55	0.00	28.04	0.00	34.49	0.00	32.14	0.00	0.00	0.00	0.00	0.00	0.00	
Eagle Pass Assessment Area	1	1.96	26.19	100.00	64.29	0.00	9.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
El Paso Assessment Area	0	0.00	3.22	0.00	32.85	0.00	25.12	0.00	38.81	0.00	0.00	0.00	0.00	0.00	0.00	
Laredo Assessment Area	0	0.00	2.02	0.00	14.57	0.00	24.70	0.00	58.70	0.00	0.00	0.00	0.00	0.00	0.00	
San Antonio Assessment Area	0	0.00	1.02	0.00	23.83	0.00	24.62	0.00	50.22	0.00	0.00	0.00	0.00	0.00	0.00	
Starr County Assessment Area	1	1.96	47.73	100.00	52.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2010 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2011).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: TEXAS					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011					Market Share [*]				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Families [*] **	% BANK Loans ^{****}	% Families ¹	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}						
Full Review:																
Harlingen Assessment Area	179	18.94	23.75	0.60	16.04	4.17	17.82	10.71	42.40	84.52	3.90	5.26	1.83	1.78	4.84	
Houston Assessment Area	47	4.97	23.73	11.11	17.79	47.22	18.74	33.33	39.74	8.33	0.02	0.00	0.03	0.04	0.01	
McAllen Assessment Area	597	63.17	23.48	2.85	16.86	7.83	17.67	19.22	41.98	70.11	6.97	16.33	6.52	7.17	6.82	
Limited Review:																
Austin Assessment Area	9	0.95	19.07	11.11	17.62	0.00	22.47	0.00	40.84	88.89	0.01	0.04	0.00	0.00	0.02	
Corpus Christi Assessment Area	18	1.90	22.63	8.33	16.77	0.00	19.82	33.33	40.78	58.33	0.25	0.51	0.00	0.22	0.31	
Dallas Assessment Area	11	1.16	26.10	20.00	20.12	10.00	20.22	30.00	33.56	40.00	0.03	0.03	0.00	0.06	0.04	
Eagle Pass Assessment Area	1	0.11	38.52	0.00	21.43	0.00	18.05	0.00	22.00	100.00	0.46	0.00	0.00	0.00	1.27	
El Paso Assessment Area	19	2.01	22.11	0.00	17.46	0.00	18.92	33.33	41.51	66.67	0.12	0.00	0.00	0.12	0.16	
Laredo Assessment Area	14	1.48	22.96	0.00	16.89	14.29	18.19	21.43	41.96	64.29	0.10	0.00	0.00	0.00	0.16	
San Antonio Assessment Area	20	2.12	22.01	8.33	18.14	16.67	20.22	8.33	39.63	66.67	0.03	0.06	0.02	0.00	0.06	
Starr County Assessment Area	30	3.17	51.01	3.33	19.87	3.33	13.68	26.67	15.45	66.67	19.39	20.00	0.00	25.93	23.91	

^{*} Based on 2010 Peer Mortgage Data (USPR)

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

^{***} Percentage of Families is based on the 2000 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 7.7% of loans originated and purchased by bank.

¹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: TEXAS				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011					Market Share*				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Families**	% BANK Loans****	% Families ²	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****					
Full Review:															
Harlingen Assessment Area	0	0.00	23.75	0.00	16.04	0.00	17.82	0.00	42.40	0.00	0.00	0.00	0.00	0.00	0.00
Houston Assessment Area	1	100.00	23.73	0.00	17.79	0.00	18.74	0.00	39.74	100.00	0.00	0.00	0.00	0.00	0.00
McAllen Assessment Area	0	0.00	23.48	0.00	16.86	0.00	17.67	0.00	41.98	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Austin Assessment Area	0	0.00	19.07	0.00	17.62	0.00	22.47	0.00	40.84	0.00	0.00	0.00	0.00	0.00	0.00
Corpus Christi Assessment Area	0	0.00	22.63	0.00	16.77	0.00	19.82	0.00	40.78	0.00	0.00	0.00	0.00	0.00	0.00
Dallas Assessment Area	0	0.00	26.10	0.00	20.12	0.00	20.22	0.00	33.56	0.00	0.00	0.00	0.00	0.00	0.00
Eagle Pass Assessment Area	0	0.00	38.52	0.00	21.43	0.00	18.05	0.00	22.00	0.00	0.00	0.00	0.00	0.00	0.00
El Paso Assessment Area	0	0.00	22.11	0.00	17.46	0.00	18.92	0.00	41.51	0.00	0.00	0.00	0.00	0.00	0.00
Laredo Assessment Area	0	0.00	22.96	0.00	16.89	0.00	18.19	0.00	41.96	0.00	0.00	0.00	0.00	0.00	0.00
San Antonio Assessment Area	0	0.00	22.01	0.00	18.14	0.00	20.22	0.00	39.63	0.00	0.00	0.00	0.00	0.00	0.00
Starr County Assessment Area	0	0.00	51.01	0.00	19.87	0.00	13.68	0.00	15.45	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2010 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

² Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: TEXAS					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011					Market Share [*]				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ³	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}						
Full Review:																
Harlingen Assessment Area	9	10.98	23.75	0.00	16.04	0.00	17.82	20.00	42.40	80.00	0.39	0.00	0.00	0.85	0.36	
Houston Assessment Area	8	9.76	23.73	0.00	17.79	0.00	18.74	0.00	39.74	100.00	0.02	0.00	0.00	0.00	0.03	
McAllen Assessment Area	55	67.07	23.48	0.00	16.86	19.51	17.67	14.63	41.98	65.85	1.25	0.00	6.52	1.53	0.97	
Limited Review:																
Austin Assessment Area	0	0.00	19.07	0.00	17.62	0.00	22.47	0.00	40.84	0.00	0.00	0.00	0.00	0.00	0.00	
Corpus Christi Assessment Area	5	6.10	22.63	0.00	16.77	0.00	19.82	0.00	40.78	0.00	0.00	0.00	0.00	0.00	0.00	
Dallas Assessment Area	0	0.00	26.10	0.00	20.12	0.00	20.22	0.00	33.56	0.00	0.00	0.00	0.00	0.00	0.00	
Eagle Pass Assessment Area	0	0.00	38.52	0.00	21.43	0.00	18.05	0.00	22.00	0.00	0.00	0.00	0.00	0.00	0.00	
El Paso Assessment Area	0	0.00	22.11	0.00	17.46	0.00	18.92	0.00	41.51	0.00	0.00	0.00	0.00	0.00	0.00	
Laredo Assessment Area	2	2.44	22.96	0.00	16.89	50.00	18.19	0.00	41.96	50.00	0.27	0.00	2.63	0.00	0.17	
San Antonio Assessment Area	0	0.00	22.01	0.00	18.14	0.00	20.22	0.00	39.63	0.00	0.00	0.00	0.00	0.00	0.00	
Starr County Assessment Area	3	3.66	51.01	0.00	19.87	0.00	13.68	50.00	15.45	50.00	2.44	0.00	0.00	7.69	0.00	

^{*} Based on 2010 Peer Mortgage Data (USPR)

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

^{***} Percentage of Families is based on the 2000 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 35.4% of loans originated and purchased by bank.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES									
Geography: TEXAS					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share [*]	
	#	% of Total ^{**}	% of Businesses ^{***}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Harlingen Assessment Area	150	19.87	67.57	46.00	66.00	20.00	14.00	2.96	3.25
Houston Assessment Area	47	6.23	66.82	46.81	57.45	19.15	23.40	0.04	0.06
McAllen Assessment Area	332	43.97	68.17	55.12	46.39	27.71	25.90	2.57	4.20
Limited Review:									
Austin Assessment Area	23	3.05	65.84	39.13	56.52	21.74	21.74	0.06	0.07
Corpus Christi Assessment Area	79	10.46	64.62	45.57	62.03	15.19	22.78	0.83	1.34
Dallas Assessment Area	9	1.19	65.30	33.33	66.67	22.22	11.11	0.01	0.01
Eagle Pass Assessment Area	29	3.84	65.53	27.59	58.62	24.14	17.24	3.13	1.99
El Paso Assessment Area	15	1.99	63.44	53.33	53.33	0.00	46.67	0.10	0.13
Laredo Assessment Area	45	5.96	66.09	55.56	73.33	22.22	4.44	0.74	0.93
San Antonio Assessment Area	21	2.78	66.86	71.43	47.62	19.05	33.33	0.06	0.12
Starr County Assessment Area	5	0.66	66.00	60.00	80.00	20.00	0.00	0.46	0.00

^{*} Based on 2010 Peer Small Business Data -- US and PR

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

^{***} Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

^{****} 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 34.44% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: TEXAS			Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share [*]	
	#	% of Total ^{**}	% of Farms ^{***}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
Full Review:									
Harlingen Assessment Area	18	35.29	97.08	83.33	66.67	27.78	5.56	13.85	15.69
Houston Assessment Area	0	0.00	96.89	0.00	0.00	0.00	0.00	0.00	0.00
McAllen Assessment Area	31	60.78	93.51	67.74	58.06	22.58	19.35	14.71	15.25
Limited Review:									
Austin Assessment Area	0	0.00	97.28	0.00	0.00	0.00	0.00	0.00	0.00
Corpus Christi Assessment Area	0	0.00	97.92	0.00	0.00	0.00	0.00	0.00	0.00
Dallas Assessment Area	0	0.00	95.95	0.00	0.00	0.00	0.00	0.00	0.00
Eagle Pass Assessment Area	1	1.96	88.10	100.00	0.00	100.00	0.00	0.00	0.00
El Paso Assessment Area	0	0.00	95.97	0.00	0.00	0.00	0.00	0.00	0.00
Laredo Assessment Area	0	0.00	95.55	0.00	0.00	0.00	0.00	0.00	0.00
San Antonio Assessment Area	0	0.00	97.44	0.00	0.00	0.00	0.00	0.00	0.00
Starr County Assessment Area	1	1.96	95.45	0.00	0.00	100.00	0.00	0.00	0.00

^{*} Based on 2010 Peer Small Business Data -- US and PR

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

^{***} Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).

^{****} 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 19.61% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: TEXAS									
Evaluation Period: AUGUST 19, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Prior Period Investments [*]		Current Period Investments		Total Investments			Unfunded Commitments ^{**}	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Harlingen Assessment Area	0	0	0	0	0	0	0.00	0	0
Houston Assessment Area	0	0	2	12,770	2	12,770	51.53	0	0
McAllen Assessment Area	0	0	13	63	13	63	0.25	0	0
Limited Review:									
Austin Assessment Area	0	0	0	0	0	0	0.00	0	0
Corpus Christi Assessment Area	0	0	0	0	0	0	0.00	0	0
Dallas Assessment Area	0	0	0	0	0	0	0.00	0	0
Eagle Pass Assessment Area	0	0	1	650	1	650	2.62	0	0
El Paso Assessment Area	0	0	0	0	0	0	0.00	0	0
Laredo Assessment Area	1	9,870	0	0	1	9,870	39.84	0	0
San Antonio Assessment Area	0	0	0	0	0	0	0.00	0	0
Starr County Assessment Area	1	1,428	0	0	1	1,428	5.76	0	0

^{*} 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

^{**} 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: TEXAS				Evaluation Period: AUGUST 19, 2009 TO DECEMBER 31, 2011									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Harlingen Assessment Area	11.98	9	15.79	0.00	22.22	44.44	33.33	0	1	0	0	-1	0	2.26	25.87	42.69	29.18
Houston Assessment Area	16.76	7	12.28	0.00	28.57	28.57	42.86	0	1	0	0	-1	0	7.71	32.87	29.21	30.16
McAllen Assessment Area	39.71	19	33.33	0.00	15.79	63.16	21.05	1	0	0	0	+1	0	0.00	29.73	48.29	21.98
Limited Review:																	
Austin Assessment Area	5.44	4	7.02	0.00	25.00	50.00	25.00	0	0	0	0	0	0	8.82	24.08	37.58	29.29
Corpus Christi Assessment Area	5.60	5	8.77	0.00	20.00	60.00	20.00	0	0	0	0	0	0	6.30	27.52	39.54	26.65
Dallas Assessment Area	5.94	2	3.51	0.00	50.00	0.00	50.00	0	1	0	0	-1	0	11.31	37.04	30.75	20.90
Eagle Pass Assessment Area	2.32	1	1.75	0.00	100.00	0.00	0.00	0	0	0	0	0	0	2.36	87.13	10.51	0.00
El Paso Assessment Area	1.84	2	3.51	0.00	0.00	100.00	0.00	0	0	0	0	0	0	3.70	30.92	33.98	31.40
Laredo Assessment Area	3.94	3	5.26	0.00	0.00	33.33	66.67	0	0	0	0	0	0	0.52	38.06	33.72	27.69
San Antonio Assessment Area	5.47	4	7.02	0.00	50.00	25.00	25.00	1	1	0	0	0	0	3.01	40.97	27.68	28.33
Starr County Assessment Area	0.99	1	1.75	100.00	0.00	0.00	0.00	0	0	0	0	0	0	60.07	39.93	0.00	0.00