

PUBLIC DISCLOSURE

August 22, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Texas State Bank
#1017658

3900 North 10th Street
McAllen, Texas 78501

Federal Reserve Bank of Dallas

2200 North Pearl Street
Dallas, Texas 75201

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: Texas State Bank is rated **Outstanding**.

The following table indicates the performance level of Texas State Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	TEXAS STATE BANK		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

Major factors supporting the institution's rating include:

- Overall volume of lending exhibits excellent responsiveness to community credit needs
- Outstanding level of small business and small farm lending
- Excellent distribution of lending throughout assessment areas and to low- and moderate-income and economically disadvantaged borrowers; especially home improvement lending
- Outstanding community development lending, totaling \$197.5 million
- A good level of qualified community development investments and grants; increasing from \$27 million at the last evaluation to over \$31 million
- Readily accessible delivery systems and leadership role in providing community development services to its assessment areas.

INSTITUTION

DESCRIPTION OF INSTITUTION

Texas State Bank (TSB) is a large retail bank headquartered in the south Texas city of McAllen, with banking operations in seven of the state's metropolitan areas, encompassing 16 Texas counties and 40 cities. The bank has grown from \$1 million in deposits at its inception in 1981, to over \$6 billion in total assets, expanding from its Rio Grande Valley base to serve Houston, Corpus Christi, Beaumont-Port Arthur, Dallas, Tyler, and Eagle Pass, Texas. TSB is a subsidiary of Texas Regional Bancshares, Inc., through its wholly owned Delaware subsidiary, Texas Regional Delaware, Inc. The parent company's stock is publicly traded under the symbol TRBS. Wholly owned subsidiaries of TSB include TSB Securities, Inc., TSB Properties, Inc., Hydrox Holdings, Inc, and Valley Mortgage, Inc. The bank is affiliated with Riverway Holdings Capital Trusts I and II and Citizens State Bank, Roma, Texas.

At March 31, 2005, TSB reported total assets of approximately \$6.1 billion, total loans of \$3.9 billion, total deposits of \$5 billion, and shareholders' equity of \$640.3 million. The following table reflects the loan portfolio mix:

EXHIBIT 1		
LOAN PORTOLIO MIX		
LOAN PRODUCT	3/31/2005 \$ ('000s)	% OF LOANS
<u>Real Estate</u>		
Construction/Land Development	838,098	21.66
Agriculture	116,731	3.02
1-4 Family	388,377	10.04
Multifamily	78,544	2.03
Commercial	<u>1,100,748</u>	<u>28.45</u>
Total Real Estate	2,522,498	65.20
Commercial/Industrial	1,033,549	26.71
Consumer	167,976	4.34
Agricultural	76,871	1.98
Depository Institutions	36,000	0.93
State and Political	24,914	0.65
Other	6,044	0.16
Lease Financing	1,227	0.03
Gross Loans	\$3,869,079	100.00

As of the examination date, TSB operated 71 retail branches in the following Texas areas: 18 in the McAllen-Edinburg-Pharr MSA; ten in the Brownsville-Harlingen MSA; three in the Houston-Baytown-Sugar Land MSA; 22 in the Beaumont-Port Arthur MSA; two in the Corpus Christi MSA; three in the Dallas-Plano-Irving MSA; one in the Tyler MSA; and 12 branches in

six non-metropolitan counties. The Beaumont, Tyler, and Dallas markets are new to the bank since the last evaluation.

In March 2004, TSB's parent company acquired Southeast Texas Bancshares, Inc. (total assets of \$1.2 billion) and its subsidiaries, Community Bank & Trust, SSB, Beaumont (CB&T); Port Arthur Abstract and Title Company; Southeast Texas Title Company; and Southeast Texas Insurance Services, L.P., which operates under the name Community Insurance. CB&T was merged with and into TSB. TSB expanded into the Dallas region with the acquisition of Mercantile Bank & Trust, FSB, Dallas, in January 2005.

Valley Mortgage Company, Inc., a privately held mortgage banking firm headquartered in McAllen, was acquired by the bank in November 2004. The company, now a wholly-owned subsidiary of TSB, operates additional offices in Brownsville, Corpus Christi, Del Rio, Harlingen, Laredo, San Antonio, and Sugar Land.

TSB offers a full range of financial services for commercial, agricultural and consumer purposes, international and trust services, and investment securities, with an emphasis on commercial and relationship banking. The bank participates in government-guaranteed loan programs, such as the Texas Guaranteed Student Loan Corporation program and the U.S. Small Business Administration 504 program, and offers Visa credit cards issued by First USA Bank. Finally, TSB operates an in-house data processing center that provides processing services for unaffiliated banks.

There are no legal or financial impediments that would inhibit the bank's ability to meet the credit needs of its communities, consistent with its business strategy, size, resources, and local economic climate. TSB received an Outstanding rating at the previous CRA evaluation conducted by this Reserve Bank as of June 16, 2003.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency Examination Procedures for Large Retail Institutions, developed by the Federal Financial Institutions Examination Council. According to these procedures, HMDA, small business, and small farm lending activity reported by the bank from January 1, 2003 through December 31, 2004 were reviewed. The activity includes all loans originated and purchased by TSB. Qualified community development loans and services are also considered for activities during the same period. All qualified investments outstanding as of the examination date were also considered regardless of when made. This information pertains throughout the remainder of the evaluation, unless specifically noted otherwise.

In order to evaluate the geographic distribution of loans, geographies were classified on the basis of the U.S. Census Bureau's 2000 data. The distribution of loans to borrowers of different income levels was determined based on 2003 and 2004 median family income data as estimated by the U.S. Department of Housing and Urban Development (HUD). Area demographic data, Dun & Bradstreet (D&B) business data, and market aggregate information are used as proxies for demand when evaluating the bank's performance.

Assessment areas (AAs) reviewed using full review procedures are the McAllen-Edinburg-Pharr MSA (McAllen AA), the Brownsville-Harlingen MSA (Brownsville AA), the Houston-Baytown-Sugar Land MSA (Houston AA), and the Beaumont-Port Arthur MSA (Beaumont AA). Limited review procedures were applied to the Corpus Christi and Tyler MSAs and the non-metropolitan assessment area. The Dallas MSA assessment area was not evaluated since the market was entered just prior to the examination date and lending data for the area was not applicable during the review period. The greatest weight was placed on the bank's performance in the McAllen, Brownsville, and Beaumont AAs because of the high concentration of lending, deposits, and branch distribution in these areas.

Examiners met with two community contacts for this examination, and included one contact from an examination earlier this year in the Houston assessment area. The contacts represented housing, community and economic development, and social services organizations within the bank's assessment areas. Credit needs identified by the contacts included micro enterprise lending and home buyer education and counseling.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

TSB's overall performance under the lending test is outstanding based on excellent lending activity, distribution of loans, and community development lending, notably in the McAllen and Brownsville MSAs. The institution makes extensive use of flexible lending practices, and the level and impact of its community development lending greatly enhance the bank's lending performance. TSB's lending efforts financed the development and construction of thousands of affordable homes for the rapidly growing Rio Grande Valley and Greater Houston and addressed many other pressing economic development needs.

In determining the rating under the lending test the McAllen and Brownsville areas were weighted highest. Houston was weighted less heavily due to the smaller percentage of branches and the bank's lower deposit market share in this area, and Beaumont received less weight because it was a new market for the bank and only one year's worth of lending data was considered. The excellent lending performance in the non-metropolitan area and overall community development lending enhanced the rating.

Lending Activity: The substantial volume of loans originated during the review period supports TSB's outstanding lending rating. As noted in Exhibit 2, almost 20,000 loans for a total dollar volume of \$2 billion were reported during the 2003 and 2004 review period. TSB is consistently ranked among the top HMDA, small business, and small farm lenders in volume in the McAllen and Brownsville assessment areas. In addition to its HMDA, small business and small farm lending, TSB meets community credit needs by originating a large number of consumer loans, with \$168 million in its portfolio as of March 31, 2005. The bank's lending volume is further substantiated by its net loan-to-deposit ratio of 76% as of the same date.

EXHIBIT 2				
SUMMARY OF LENDING ACTIVITY				
JANUARY 1, 2003 – DECEMBER 31, 2004				
Loan Type	#	%	\$ ('000s)	%
HMDA Home Purchase	4,987		634,395	
HMDA Refinance	2,522		343,166	
HMDA Home Improvement	1,018		20,822	
HMDA Multifamily	28		14,750	
Total HMDA-Related	8,555	43	1,013,133	51
Total Small Business	10,682	53	910,224	46
Total Small Farm	758	4	76,310	4
TOTAL LOANS	19,995	100	1,999,667	100

Assessment Area Concentration: The following exhibit includes all loan data reported by the bank during the evaluation period for the categories noted. (Note: affiliate lending is not included.)

EXHIBIT 3								
LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREAS								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	% of \$	#	%	\$ ('000s)	% of \$
Home Purchase	2,366	56.0	288,297	51.2	1,859	44.0	274,297	48.8
Refinance	1,457	64.0	199,403	62.5	819	36.0	119,478	37.5
Home Improvement	984	96.8	18,292	88.3	33	3.2	2,428	11.7
Multifamily Housing	25	89.3	10,038	68.1	3	10.7	4,712	31.9
Total HMDA-Related	4,832	64.0	516,030	56.3	2,714	36.0	400,915	43.7
Small Business	10,362	97.0	860,990	94.6	320	3.0	49,234	5.4
Small Farm	725	95.6	75,385	98.8	33	4.4	925	1.2
TOTAL LOANS	15,919	83.8	1,452,405	76.3	3,067	16.2	451,074	23.7

As noted in Exhibit 3, TSB originated or purchased 15,919 loans for almost \$1.5 billion inside its assessment areas during the review period. Almost 84% of the total volume of lending was made to borrowers living or operating in the AAs. The tables in Appendix B contain additional information regarding assessment area lending.

Geographic and Borrower Distribution: TSB has an excellent record of lending throughout all geographic areas in its assessment areas. The bank's HMDA, small business and small farm loans were distributed throughout the assessment areas with no conspicuous lending gaps. In addition, the distribution by borrower, given the high poverty levels and unemployment rates in many of the assessment areas, reflects excellent penetration among customers of different income levels and businesses of different sizes. Performance context issues in the separate assessment areas determined the overall conclusion; the facts and data supporting that conclusion are presented within the separate assessment area analyses.

The geographic distribution of TSB's lending is excellent when compared to aggregate performance and other performance context data. The bank consistently performed better than its peers and lending was particularly strong in moderate-income census tracts. TSB made loans in every census tract in the McAllen AA and all but one middle-income tract during the review period in the Brownsville AA. The geographic distribution in the Houston AA was not as strong, but is attributed to the small market share and limited presence in the area.

TSB exhibits an excellent record of serving the credit needs of low-income individuals and small businesses. In every full scope AA reviewed, the bank originated more loans to businesses with revenues of \$1 million or less than the aggregate. Furthermore, TSB originated a greater number of HMDA loans to low-income borrowers than the aggregate in both 2003 and 2004 in every full scope AA except Houston. Overall, TSB originated a higher percentage of its loans to LMI individuals than aggregate lenders.

Community Development Lending: TSB is a leader in the provision of community development loans, particularly in the McAllen, Brownsville, and Houston AAs. During the evaluation period, the bank engaged in an excellent level of community development lending by extending 338 community development loans totaling \$197.5 million. The amount of community development loans extended by the bank is significant given the increased competition and difficult economic conditions in the bank's primary assessment areas. The loans addressed vital needs for affordable housing, revitalization and stabilization of low- and moderate-income areas, and economic development and had a material impact on the communities the bank serves.

Individual community development loans are discussed in the assessment area that they benefited.

INVESTMENT TEST

TSB's performance under the investment test is rated High Satisfactory. The bank's total qualified community development investments increased from \$27 million at the previous evaluation to \$31.4 million at this evaluation. While the dollar volume of qualified investments has risen, almost 60% of the total consists of prior period investments, and no qualifying investments with the exception of donations were made in the Houston or Corpus Christi assessment areas. Additionally, the majority of investments are not considered innovative or complex. However, the overall investment activity level is significant, with credit given for 121

municipal bonds and one other qualifying investment. A total of \$30.1 million in municipal revenue bonds qualifies for consideration due to the bond obligations' primary purpose of redeveloping distressed areas and financing educational facilities for economically disadvantaged students. TSB has invested in bonds that funded educational facilities; street, bridge, and other infrastructure improvements; wastewater treatment plants; construction of the city of Hidalgo's multi-purpose event center, library, and youth center; and other public improvements in the bank's assessment areas.

Prior period investments include the bank's initial capital investment of \$100,000 which helped fund the Greater Brownsville Community Development Corporation in 1995. TSB was one of five founding financial institutions that pledged capital commitments of \$1.2 million to charter the Community Development Financial Institution (CDFI). In 2001, the CDFI expanded from Cameron County to encompass all four counties in the Rio Grande Valley and was renamed the Rio Grande Valley Multibank (RGVMB). TSB remains one of the leading investors in the CDFI, providing millions of dollars in warehouse lines of credit and other loan commitments to expand affordable homeownership opportunities to families throughout the Valley.

TSB's investment performance is enhanced by \$1.2 million in qualified charitable grants and donations. TSB's investments, grants and donations supported the rehabilitation of school districts predominately attended by low- and moderate-income youth, affordable housing initiatives, small business development, and health care and social service organizations that primarily serve low- and moderate-income geographies, individuals, and families. TSB also donates thousands of dollars annually to provide college scholarships to disadvantaged youth, and supports a multitude of health-related causes that benefit LMI individuals. These investments were highly responsive to the significant challenges faced within the assessment areas. Individual investments are more fully discussed under each assessment area.

The following chart (Exhibit 4) details the qualified investments made by TSB in each assessment area. Prior period investments are those that were made in a previous evaluation period that are outstanding as of the examination date.

EXHIBIT 4							
QUALIFIED INVESTMENTS							
MSA/AA	Prior Period Investments		Current Period Investments		Total Investments		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total \$
Full-Review:							
McAllen	51	9,620	15	6,537	66	16,157	51.4
Brownsville	32	8,280	11	3,067	43	11,347	36.1
Houston	0	0	1	118	1	118	0.4
Beaumont	N/A	N/A	7	1,613	7	1,613	5.1
Limited-Review:							
Corpus Christi	N/A	N/A	1	23	1	23	0.1
Tyler	N/A	N/A	2	901	2	901	2.9
Non-Metropolitan	3	800	1	441	4	1,241	4.0

SERVICE TEST

The bank’s performance in providing retail banking and community development services is rated outstanding. TSB’s retail delivery systems are readily accessible to all portions of the bank’s assessment areas, and its record of opening branches has improved the accessibility of its delivery systems. The bank’s business hours and services do not vary in a way that inconveniences certain portions of its assessment areas, and the bank is an exemplary leader in providing community development services that benefit its assessment areas.

Retail Banking Services: Branches and other delivery systems are readily accessible to essentially all of the bank’s assessment areas. As a result of mergers and new branch openings, TSB’s branch network has increased from 34 branches to 71, providing increased banking options for customers traveling between Houston, Corpus Christi, Beaumont, Dallas, and Eagle Pass to the Rio Grande Valley. The following table (Exhibit 5) details the distribution of the bank’s retail branch delivery system:

EXHIBIT 5							
DISTRIBUTION OF BRANCH DELIVERY SYSTEM							
AS OF JUNE 30, 2004							
MSA/AA	Deposits	Branches					
	% of Rated Area Deposits in MSA/AA	# of Bank Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income Level of Geographies			
				Low	Mod	Middle	Upper
Full-Review:							
McAllen	39.1%	18	26.5%	0	2	7	9
Brownsville	17.5%	10	14.7%	0	4	2	4
Houston	16.2%	3	4.4%	0	0	0	3
Beaumont	17.8%	22	32.4%	0	5	14	3
Limited-Review:							
Corpus Christi	1.0%	2	2.9%	1	0	1	0
Tyler	0.6%	1	1.5%	0	0	0	1
Non-Metropolitan	7.7%	12	17.6%	0	6	6	0

TSB’s ATM network includes 57 off-premises sites throughout the assessment areas for customers to conduct transactions without a fee in English and Spanish, including convenient locations such as gas stations, convenience stores, hospitals, and airports. Alternative delivery systems include banking by telephone, mail, and through the Internet. In addition to its fully transactional English language web site, TSB also offers a Spanish language version of its web site. FreedomFone, TSB’s telephone banking service, allows customers to make balance inquiries, funds transfers, loan payments, and check verification at no additional charge. Bilingual services at most locations are provided in English and Spanish. The bank’s business hours are reasonable and do not vary in a way that inconveniences any portions of its assessment areas, and the extensive products and services offered include free checking and low-fee accounts for students to provide reasonable banking alternatives for low- and moderate-income individuals in the communities it serves.

Community Development Services: TSB provided an excellent level of community development services throughout its assessment areas, with particularly strong performance in the McAllen and Beaumont MSAs. The institution and its employees strongly support affordable housing, small business, and community service initiatives in its local communities. At the U.S. SBA Expo 2004, TSB was honored as one of ten Regional Outstanding Lenders nationwide. The award recognized the bank's commitment to helping the SBA advance its mission and honored its outstanding efforts in serving local small businesses with the capital needed to start and grow their companies. In addition to its SBA lending honors, TSB provides office space for SBA representatives to meet with customers and participated in the SBA's "Taking it to the Streets" program, visiting local businesses to offer services and inform them of the availability of SBA loans. The bank and its employees have also been honored by several chambers of commerce, the United Way, and other charitable organizations for their significant contributions to local community needs.

Bank management, directors, and employees also serve in leadership roles in numerous organizations, providing financial expertise and technical advice to entities that are detailed in the individual assessment area discussions. TSB also participated in educational seminars and workshops on topics such as first-time homebuying and small business lending. Other initiatives include savings clubs for disadvantaged students, providing technical assistance to high school business students and city governments, and participation in National Teach the Children to Save Day.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

TSB is in compliance with the substantive provisions of the anti-discrimination laws and regulations. Established policies and procedures are designed to ensure compliance with fair lending laws and regulations, and the fair lending review performed concurrently with this examination did not evidence that TSB engaged in any type of discriminatory lending practices.

METROPOLITAN AREAS

Reviewed using full-scope examination procedures.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MCALLEN-EDINBURG-PHARR, TEXAS MSA 32580

The McAllen assessment area consists of the McAllen-Edinburg-Pharr MSA, which is comprised solely of Hidalgo County, Texas. The MSA, located in the lower Rio Grande Valley on the Texas-Mexico border, is one of the fastest growing metropolitan areas in the nation. The population increased almost 49% during the 1990's, and was estimated at 658,248 in 2004. The city of McAllen, the headquarters for TSB, is the largest city in the county with over 120,000 residents. The McAllen economy is linked closely to its Mexican twin city of Reynosa, population 1.2 million, on the south bank of the Rio Grande River. Two international bridges (a third is under construction) allow daily economic and cultural exchange between the communities. In addition, Interstate 69 (the NAFTA Highway) will eventually link the region with Canada to the north and Mexico City to the south.

As of the examination date, August 22, 2005, TSB operated 18 retail branches in the McAllen assessment area, representing 25% of all retail branches in the bank's combined assessment areas. The McAllen area branches contained \$1.8 billion in deposits at June 30, 2004, or 39% of the bank's total branch deposits in its combined assessment areas. Area branches are located in the cities of McAllen, Edinburg, Hidalgo, Mercedes, Mission, Peñitas, Progreso, San Juan, and Weslaco.

TSB ranks first in deposit market share out of 17 FDIC-insured financial institutions operating in the competitive McAllen banking market. The bank's \$1.8 billion in market deposits accounted for almost 29% of the total deposits in Hidalgo County FDIC-insured financial institutions. First National Bank, Edinburg ranks second in the McAllen MSA, with 15% of total deposits, followed by International Bank of Commerce, Laredo with 12%, and Lone Star National Bank, Pharr with 9%.

Demographic and economic information impacting the bank's performance context are discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census, 2000; the U.S. Department of Labor; the U.S. Department of Housing and Urban Development; and the Texas Workforce Commission.

Census tracts: The McAllen MSA contains 80 census tracts, none of which are considered low-income tracts. There are 29% moderate-income, 47% middle-income, and 24% upper-income census tracts in the area.

Income: According to the 2000 census, there are 133,186 families in the assessment area, 31% of which live below the poverty level. Twenty-three percent of families are low-income, 17% are moderate-income, 18% are middle-income, and 42% are upper-income families. The median family income was \$28,700 in 2003 and \$30,000 in 2004. The MSA was the second poorest

MSA in the nation in 2002, just behind neighboring Brownsville-Harlingen, and its median income in 2004 was 28% lower than the Texas non-metropolitan median income level of \$42,000.

Housing: There were 192,658 housing units in the area as of 2000, almost 60% of which were owner-occupied, 22% rental, and 19% vacant. More than 63% of housing units are single-family homes, 22% are mobile homes, 7% are five or more family units, and 5% are 2-4 family units. Twenty-eight percent of owner-occupied housing units are located in moderate-income census tracts, 48% in middle-income tracts, and 24% in upper-income census tracts. The median age of the housing stock is 16 years and the median housing value is \$45,966.

Employment: According to Dun & Bradstreet, 13,797 businesses are located in the McAllen MSA. Eighty-seven percent reported gross annual revenues less than or equal to \$1 million. Nineteen percent of businesses are located in moderate-income tracts, 43% in middle-income, and 38% in upper-income census tracts. Health care and social assistance services and retail trade are the dominant industries. Major employers include the independent school districts, the University of Texas-Pan American, hospitals, and financial institutions. In addition, the economy is impacted by 200 maquiladora plants that operate in nine industrial parks in the Mexican city of Reynosa. Global leaders in electronics, apparel, medical supply, publishing, and auto assembly, among others, have established large operations in Reynosa. The area's historically high unemployment rates have trended downward in recent years, from an annual average of 13.6% in 2003 to 11.8% in 2004. Job growth has been high, and the area has benefited from the strong peso and large volume of retail sales to Mexican nationals.

The following chart (Exhibit 6) details demographic information for the McAllen assessment area obtained from the 2000 U.S. Census and 2004 Dun & Bradstreet data.

EXHIBIT 6 ASSESSMENT AREA DEMOGRAPHICS ASSESSMENT AREA: MCALLEN-EDINBURG-PHARR, TEXAS MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	31,245	23.5
Moderate-income	23	28.8	37,615	28.2	17,093	45.4	22,445	16.9
Middle-income	38	47.5	63,426	47.6	20,076	31.7	23,529	17.7
Upper-income	19	23.8	32,145	24.1	4,556	14.2	55,967	42.0
Total Area	80	100.0	133,186	100.0	41,725	31.3	133,186	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	50,676	31,580	27.6	62.3	10,863	21.4	8,233	16.2
Middle-income	93,636	55,508	48.4	59.3	17,756	19.0	20,372	21.8
Upper-income	48,346	27,482	24.0	56.8	13,635	28.2	7,229	15.0
Total Area	192,658	114,570	100.0	59.5	42,254	21.9	35,834	18.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0	0.0	0	0.0	0	0.0	
Moderate-income	2,598	2,230	18.8	18.6	230	20.6	138	19.4
Middle-income	5,940	5,108	43.1	42.7	504	45.0	328	46.1
Upper-income	5,259	4,628	38.1	38.7	385	34.4	246	34.6
Total Area	13,797	11,966	100.0	100.0	1,119	100.0	712	100.0
	Percentage of Total Businesses:			86.7	8.1	5.2		

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MCALLEN-EDINBURG-MISSION, TEXAS

LENDING TEST

TSB's performance under the lending test in the McAllen assessment area is excellent. The outstanding lending levels in the McAllen MSA reflect excellent responsiveness to assessment area credit needs, and the bank also demonstrates superior responsiveness to the credit needs of low-income individuals, geographies and very small businesses. The rating is further supported by flexible lending practices, including extensive use of low-interest loan programs, and TSB's leadership role in providing community development loans. Detailed information on the bank's lending performance in the McAllen AA is located in Appendix B, Tables 1-6.

Lending Activity: Lending levels in the McAllen MSA are excellent. Forty-four percent by number and 38% by dollar volume of the bank's total lending during the review period was made in the McAllen AA. TSB originated 964 HMDA loans for \$119.7 million, 5,758 small business loans for \$459.9 million, and 286 small farm loans for \$34.6 million in the McAllen area during the review period. In addition, 144 community development loans totaling almost \$96 million in were extended. This volume of lending demonstrates the strength of the institution's commitment to meeting the area's credit needs.

TSB ranked first in total loan originations of 61 lenders reporting small business loans in the McAllen MSA in 2003, and first of 72 lenders in 2004. In 2003, the bank originated 23% of all small business loans in the McAllen MSA and 41% of the dollar volume. TSB originated 21% of all small business loans in the MSA in 2004 and 33% of the total dollar volume. TSB also ranked first among small farm lenders, with 53% and 37% of the number in 2003 and 2004, respectively, and 76% and 49% of the dollar volume of small farm loans in the MSA. In HMDA lending, the bank ranked 6th in total originations out of 266 reporters in 2003. TSB and its affiliate, Valley Mortgage, ranked 2nd in total HMDA originations out of 273 reporters in 2004.

Geographic Distribution: The geographic distribution of TSB's lending is excellent when compared to aggregate performance and other performance context data. There are no low-income census tracts in the McAllen area. Twenty-eight percent of AA families live in moderate-income tracts; however, 45% of the families in these tracts are below the poverty level. Twenty-eight percent of owner-occupied housing units are located in moderate-income tracts. TSB made loans in every census tract in the county. Almost 19% of the bank's 2003 HMDA loans were in moderate-income census tracts, compared to 13% for the aggregate. TSB and the aggregate banks reported 15% of 2004 HMDA loans in moderate-income tracts. The geographic distribution of TSB's home improvement loans is excellent, with 28% originated in moderate-income census tracts in 2004. The bank's overall HMDA performance is good given the high poverty level and low borrowing capacity of families in the moderate-income tracts.

TSB's small business loans were distributed in every census tract in the area. Eighteen percent of the bank's small business loans were made in moderate-income census tracts in 2003 and 16% in 2004. This compares reasonably to 19% of businesses in these tracts. TSB's performance in moderate-income tracts was better than the aggregate in 2003 and substantially similar in 2004. On a dollar volume basis, almost 17% of TSB's small business loans were in moderate tracts, compared to 18% for the aggregate.

TSB's small farm lending is outstanding. Twenty-eight percent of TSB's 2004 small farm loans were made in moderate-income census tracts, compared to 14% for the aggregate. While 17% of area farms are located in moderate-income tracts, 27% of TSB's small farm loans were in moderate-income tracts during the two-year review period.

Distribution by Borrower Income and Revenue Size of the Business: TSB's HMDA lending distribution by borrower income is good given the high poverty level of area families. Census data indicates 24% of area families are low-income, 17% are moderate-income families, and 31% live below the poverty level. For the review period, 3% of TSB's HMDA loans were made to low-income borrowers and 8% were to moderate-income borrowers. TSB's distribution by borrower income was better than the performance of aggregate HMDA reporters, which made less than 2% of loans to low-income borrowers and 6% to those with moderate-incomes. TSB's home improvement loan distribution is excellent, with 23% of loans going to LMI families in 2003 and 30% in 2004. TSB made a higher percentage of its loans to low- and moderate-income borrowers than aggregate reporters in both 2003 and 2004.

The distribution of TSB's small business loans by revenue size of the business and loan size is good. With demographics indicating 87% of area businesses have gross annual revenues less than or equal to \$1 million, TSB made 79% of its reportable loans to small businesses during the review period. 2004 data indicates 80% of TSB's loans were made to businesses with \$1 million or less in revenues, while only 53% of the aggregate's loans went to this size business. The distribution by loan size indicates TSB is doing a good job of making smaller dollar loans available to small business owners. Almost 82% percent of the bank's 2004 small business loans were for amounts of \$100,000 or less, compared to 89% for the aggregate.

TSB's small farm loan distribution is good. Farms with \$1 million or less in gross annual revenues received 86% of the bank's loans during the review period. This compares reasonably to the demographics of 87% small farms in the area. In addition, TSB made a higher percentage of its 2003 and 2004 farm loans to small farms than the aggregate.

Community Development Lending: TSB is a leader in the origination of community development loans in the McAllen MSA. The bank originated 144 community development loans totaling almost \$96 million to more than 30 borrowers in the McAllen MSA during the review period. The vast majority of the loans financed the development and construction of affordable housing for the community. In addition, TSB continues to commit \$250,000 to the city of Pharr's Main Street Program/Façade Restoration Assistance Fund. This program will enable the revitalization of the low- and moderate-income area, and includes a low-interest loan program to encourage small business owners to locate in downtown Pharr.

TSB continues to provide millions of dollars in warehouse lines of credit to finance affordable housing for the area through the Hidalgo/Willacy Housing Finance Corporation Single Family Mortgage Revenue Bond Program and the Rio Grande Valley Multibank. The bank's \$16 million warehouse line of credit funds mortgage loans to first time and low-income homebuyers in targeted low-income census tracts in Hidalgo and Willacy Counties, and the commitment to the RGVMB has been loaned in part to non-profit housing groups providing affordable housing to McAllen area families that are unable to qualify for traditional mortgage loans.

INVESTMENT TEST

TSB made an excellent level of qualified community development investments and grants in the McAllen assessment area. Total investment activity for this assessment area is \$15.4 million in tax refunding and revenue bonds that serve to redevelop distressed areas and finance educational facilities for disadvantaged students, and \$797,438 in qualifying charitable grants and donations. The following demonstrates the significant impact these investments had on the assessment area:

- \$4.4 million in tax and revenue certificates of obligation that were used to construct a 130,000 square foot multi-purpose event center for the city of Hidalgo. This event center has brought professional hockey, ice skating, and other sports and entertainment to the Rio Grande Valley, providing jobs and economic revitalization to this moderate-income portion of the assessment area.
- \$6.5 million in bonds to construct, renovate and modernize local schools that primarily serve low- and moderate-income youth.
- \$2.6 million in tax and revenue bonds to construct a library and civic center, expand a youth center, and improve and expand city properties in a moderate-income area.

SERVICE TEST

TSB has an excellent record of performance under the service test in the McAllen assessment area. Systems for delivering retail banking services appear effective and are readily accessible to all portions of the assessment area, including moderate-income areas, and branch openings have improved accessibility throughout the area. The bank also serves as a leader in providing community development services for the McAllen area.

Retail Services: Retail delivery systems are readily accessible to all portions of the assessment area. TSB operates 18 full-service branches distributed throughout the MSA, two (11%) of which are located in moderate-income census tracts, seven (39%) in middle-income, and nine (50%) in upper-income census tracts. In addition to automated teller machines (ATMs) at every branch, there are 24 off-premises ATMs throughout the assessment area at locations such as convenience stores, gas stations, the community college, hospitals, and the McAllen Airport. The geographic distribution of the ATMs throughout the area is 29% moderate, 25% middle, and 46% upper-income census tracts.

Products are virtually identical in all offices and business hours do not vary in a way that inconveniences certain portions of the assessment area. Standard branch hours are 9 a.m. to 4 p.m. Monday through Thursday and 9 a.m. to 6 p.m. on Friday. Saturday lobby hours are offered from 9 a.m. to 1 p.m. at all locations. The motor banks at all locations are open from 7:30 a.m. until 6 p.m. Monday through Friday and from 8 or 8:30 a.m. to 1 p.m. on Saturdays. The San Juan Expressway branch, located in a middle-income census tract inside H-E-B supermarket, offers expanded evening and weekend hours. The branch is open 9 a.m. to 7 p.m. Monday through Friday, 10 a.m. to 6 p.m. on Saturdays and noon to 6 p.m. on Sundays. Three new branches have been opened by TSB in the McAllen area since the previous evaluation and no branches have closed. While all three of these branches are located in middle-income census

tracts, the San Juan Expressway and Weslaco FM 1015 branches border on moderate-income tracts, and the Edinburg Main branch is in close proximity to two moderate-income census tracts. This record of opening branches has improved the accessibility of the bank's delivery systems to the assessment area.

Community Development Services: TSB is a leader in providing community development services to low- and moderate-income individuals, children and families, and supporting small businesses in the McAllen assessment area. In addition to the SBA award detailed in the description of the bank's overall activities, the Boys and Girls Club of McAllen recently opened the Glen E. and Rita K. Roney Center, named in honor of Chairman Roney and his wife for their years of support to the organization. Bank management and staff serve in leadership roles and contribute their time and financial expertise to numerous organizations promoting economic and community development in the area, including the following:

- Boys and Girls Club of McAllen
- Casa Amparo
- Chambers of Commerce of Alamo, Edinburg, Greater Mission, McAllen, and San Juan
- Children's Advocacy Center
- City of Hidalgo Neighborhood Revitalization Program
- Economic Development Corporations of McAllen, Mission, and Pharr
- Edinburg Community Development and Housing Assistance Department
- Hidalgo Economic Loan Council
- McAllen Affordable Homes
- Pharr Main Street Program
- Pharr Rotary Club
- South Texas Community College Advisory Banking Consortium
- South Texas Higher Education Authority
- Tri-City Business/Education Coalition
- United Ways of Hidalgo County and South Texas

TSB actively participates in the semi-annual "Taking it to the Streets" campaign organized by the McAllen Hispanic Chamber of Commerce and the SBA. Bank employees walk the streets of McAllen together with SBA representatives, going door-to-door to local businesses to explain the benefits the bank can offer as well as how the SBA can help secure low-interest financing for business improvements and growth. TSB's Weslaco branch hosted an SBA representative once a week during the review period. The bank has also participated in and sponsored the following programs promoting affordable housing and homeownership, community services and economic development:

- Homebuyer's Fairs
- Rio Grande Small Business Summit
- City of Hidalgo Community Development Home Fair
- McAllen Chamber of Commerce Business Expo
- National Teach Children to Save Day
- Hidalgo ISD Career Day
- City of Hidalgo's BorderFest

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BROWNSVILLE-HARLINGEN, TEXAS MSA 15180

The Brownsville assessment area consists of the Brownsville-Harlingen MSA, which is comprised solely of Cameron County, Texas. The MSA is located at the southern tip of Texas, and contains the border city of Brownsville as well as the resort beaches of South Padre Island. The population has increased almost 11% since 2000, and was estimated at 371,825 in 2004. People of Hispanic or Latino origin comprise 84% of the county's population. Brownsville is the largest city in the county with 161,225 residents; other municipalities include Harlingen, population 61,589; San Benito, population 24,387; and La Feria, population 6,832.

As of the examination date, August 22, 2005, TSB operated ten retail branches in the Brownsville assessment area, representing 14% of all retail branches in the bank's combined assessment areas. The Brownsville area branches contained \$811.6 million in deposits at June 30, 2004, or almost 18% of the bank's total branch deposits in its combined assessment areas. TSB operates four branches in Brownsville, five in Harlingen, and one in La Feria.

TSB ranks first in deposit market share out of 14 FDIC-insured financial institutions operating in the Brownsville banking market. The bank held almost 24% of the total market deposits as of June 2004. Wells Fargo Bank, N.A. is second in the Brownsville MSA, with 19.5% of total deposits, followed by International Bank of Commerce, Laredo, Texas with 13% and First National Bank, Edinburg, Texas with 10.4%.

Demographic and economic information impacting the bank's performance context are discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census, 2000; the U.S. Department of Labor; the U.S. Department of Housing and Urban Development; and the Texas Workforce Commission.

Census tracts: The Brownsville MSA contained 86 populated census tracts in 2004, including three low-income, 24 moderate-income, 34 middle-income, and 25 upper-income census tracts. The three low-income census tracts in the AA are centered in the city of Brownsville.

Income: According to the 2000 census, there are 80,213 families in the assessment area, 28% of which live below the poverty level. Twenty-four percent of families are low-income, 16% are moderate-income, 18% are middle-income, and 42% are upper-income families. The median family income was \$30,900 in 2003 and increased to \$32,300 in 2004. This income level was one of the lowest of all metropolitan areas in the nation.

Housing: There were 119,654 housing units in the area as of 2000, 55% of which were owner-occupied, 26% rental, and 19% vacant. More than 63% of housing units are single-family homes, 14% are mobile homes, 12% are five or more family units, and almost 8% are 2-4 family units. Less than one percent of owner-occupied housing units are located in low-income census tracts, 21% in moderate-income tracts, 44% in middle-income, and 34% in upper-income census tracts. The median age of the housing stock is 20 years and the median housing value is \$48,003.

Employment: According to 2004 Dun & Bradstreet data, 8,330 businesses are located in the Brownsville MSA. Eighty-seven percent reported gross annual revenues less than or equal to \$1 million. Less than three percent of businesses are located in low-income census tracts, 30% in moderate-income, 30% in middle-income, and 37% are in upper-income tracts. The leading industries are education, health and social services, and retail trade. Tourism is also an important economic driver for the county. South Padre Island, the Gladys Porter Zoo, and the Laguna Atascosa National Wildlife Refuge are among the area's popular tourist destinations. Major employers include the independent school districts, local government, Convergys Corporation, Wal-Mart, HEB Food Stores, the University of Texas at Brownsville, EchoStar, Valley Baptist Medical Center, and Brownsville and Valley Regional Medical Centers. The annual unemployment averages for the Brownsville MSA were 11% in 2003, declining to 9.7% in 2004.

The following chart (Exhibit 7) details demographic information for the Brownsville assessment area obtained from the 2000 U.S. Census and 2004 Dun & Bradstreet data.

EXHIBIT 7 ASSESSMENT AREA DEMOGRAPHICS BROWNSVILLE-HARLINGEN, TEXAS MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	3.5	1,557	1.9	982	63.1	19,194	23.9
Moderate-income	24	27.9	19,469	24.3	8,189	42.1	12,922	16.1
Middle-income	34	39.5	34,016	42.4	9,648	28.4	14,316	17.8
Upper-income	25	29.1	25,171	31.4	3,829	15.2	33,781	42.1
Total Area	86	100.0	80,213	100.0	22,648	28.2	80,213	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	2,117	573	0.9	27.1	1,301	61.5	243	11.5
Moderate-income	26,352	13,866	21.1	52.6	9,379	35.6	3,107	11.8
Middle-income	47,645	28,908	43.9	60.7	10,877	22.8	7,860	16.5
Upper-income	43,540	22,507	34.2	51.7	9,856	22.6	11,177	25.7
Total Area	119,654	65,854	100.0	55.0	31,413	26.3	22,387	18.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	235	2.8	204	2.8	12	1.8	19	4.3
Moderate-income	2,510	30.1	2,138	29.6	218	33.0	154	34.5
Middle-income	2,530	30.4	2,224	30.8	171	25.9	135	30.2
Upper-income	3,055	36.7	2,657	36.8	259	39.2	139	31.1
Total Area	8,330	100.0	7,223	100.0	660	100.0	447	100.0
	Percentage of Total Businesses:			86.7		7.9		5.4

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BROWNSVILLE-HARLINGEN, TX

LENDING TEST

TSB's lending performance in the Brownsville assessment area is excellent. Particular strength is noted in the volume of lending, responsiveness to serving the credit needs of low-income individuals and small businesses, and community development leadership. Detailed information on the bank's lending performance in the Brownsville AA is located in Appendix B, Tables 7-12.

Lending Activity: Lending levels in the Brownsville MSA are excellent. Seventeen percent by number and 14% by dollar volume of the bank's HMDA, small business and small farm loans during the review period were made in the Brownsville AA. TSB originated 724 HMDA loans for \$43 million, 2,057 small business loans for \$164.8 million, and 149 small farm loans for \$17.8 million in the Brownsville area during the review period. In addition, 70 community development loans totaling \$46.7 million were extended. This volume of lending demonstrates the strength of the institution's commitment to meeting the area's credit needs.

TSB ranked second in total loan originations of 53 lenders reporting small business loans in 2003, and second of 48 lenders in 2004. In 2003, the bank originated 15% of all small business loans in the Brownsville MSA and 33% of the dollar volume. TSB originated 14% of all small business loans in the MSA in 2004 and 26% of the total dollar volume. TSB ranked first among small farm lenders, with 42% and 30% of the number in 2003 and 2004, respectively, and 63% and 38% of the dollar volume of small farm loans in the MSA.

Geographic Distribution: The geographic distribution of TSB's lending is outstanding when compared to aggregate performance and other performance context data and shows excellent penetration throughout the assessment area. The bank's HMDA and small business lending is especially strong in moderate-income census tracts. Lending opportunities in low-income census tracts are limited, with only three such tracts located in the city of Brownsville, less than 2% of AA families residing there, and a 63% poverty level. Moderate-income tracts, however, contain 21% of owner-occupied housing units and 24% of area families. TSB originated just over one percent of its 2003 HMDA loans in low-income census tracts and 13% in moderate-income census tracts, compared to almost 2% low-income and 8% moderate-income for the aggregate. TSB's lending distribution in low-income tracts improved to 3% in 2004, with almost 12% in moderate-income tracts. Aggregate lenders fell below TSB, with less than 3% in low-income and almost 11% in moderate-income tracts. The bank's overall HMDA performance is excellent given the high poverty level and low borrowing capacity of families in the low- and moderate-income tracts.

The geographic distribution of TSB's small business loans is good. Loans were disbursed throughout the assessment area, and the bank's performance was comparable to the aggregate. Two percent of TSB's small business loans were made in low-income census tracts in both years, with 21% in moderate-income tracts in 2003 and 25% in 2004. This compares reasonably to the 3% and 30% of businesses in these tracts.

TSB's small farm lending is adequate with only 3% of TSB's 2003 loans and 5% of 2004 small farm loans made in moderate-income census tracts, compared to 9% and 16% for the aggregate. There are no farms in the area's low-income census tracts, and 14% are located in moderate-income tracts.

Distribution by Borrower Income and Revenue Size of the Business: TSB's HMDA lending distribution by borrower income is excellent when compared to aggregate performance and considering the Brownsville area's high poverty level. Census data indicates 24% of area families are low-income, 16% are moderate-income families, and 28% live below the poverty level. Low-income borrowers received almost 16% of TSB's HMDA loans in 2003 and almost 10% in 2004. Over 16% of the bank's loans were made to moderate-income borrowers in both years. TSB's distribution by borrower income was better than the performance of aggregate HMDA reporters, which made less than 2% of loans to low-income borrowers and 9% to those with moderate-incomes in 2003 and 2% and 10% in 2004. TSB's home improvement loan distribution is excellent, with 45% of loans going to LMI families in 2003 and 41% in 2004.

Lending patterns demonstrate an excellent distribution to businesses and farms of different sizes, including those with revenues of \$1 million or less. Demographics indicate that 87% of area businesses have gross annual revenues less than or equal to \$1 million. In 2003, TSB made 83% of its reportable loans to small businesses, compared to only 44% for the aggregate. 2004 data indicates 84% of TSB's loans were made to businesses with \$1 million or less in revenues, while only 49% of the aggregate's loans went to businesses of this size. The distribution by loan size indicates TSB is doing a good job of making smaller dollar loans available to small business owners. Almost 82% percent of the bank's 2003 small business loans and 83% of 2004 small business loans were for amounts of \$100,000 or less.

TSB's small farm loan distribution is also good. Farms with \$1 million or less in gross annual revenues received 97% of the bank's loans in 2003 and almost 90% in 2004. This compares favorably to the demographics of 94% small farms in the area. The distribution of the bank's small farm loans by loan size is also reasonable, with more than 60% for amounts of \$100,000 or less and more than 20% between \$100,000 and \$250,000.

Community Development Lending: TSB is a leader in the origination of community development loans in the Brownsville MSA. Total community development lending in the Brownsville area is \$46.7 million, which includes 70 loans to finance the development and construction of affordable housing in Brownsville, Harlingen, San Benito, and other communities throughout the area.

As a founding member of the Rio Grande Valley Multibank, the bank has committed millions of dollars in warehouse lines of credit and direct lending to the CDFI and other non-profit providers of affordable housing in the Brownsville area. The bank provided \$3.5 million in acquisition and interim construction financing for affordable subdivisions that will provide hundreds of homes for low- and moderate-income families in the Brownsville area.

INVESTMENT TEST

TSB made a significant level of qualified community development investments and grants in the Brownsville assessment area. Total investment activity for this assessment area is \$11.1 million in municipal bond obligations that serve to redevelop distressed areas and finance educational facilities for disadvantaged students, a \$100,000 prior period investment in the Rio Grande Valley Multibank, and \$146,697 in qualifying charitable grants and donations. Almost three-quarters of the investments are prior period investments, with an additional \$2.9 million in non-complex, qualifying municipal bond investments since the previous exam. These investments have served to purchase school buses and construct, renovate and modernize local schools that primarily serve low- and moderate-income youth and funded street, bridge, and other infrastructure improvements in the Brownsville area.

SERVICE TEST

TSB provides an excellent level of retail and community development services in the Brownsville assessment area. Its branch distribution is readily accessible to all portions of the area, and the bank is a leader in providing community development services.

Retail Services: Retail delivery systems are readily accessible to all portions of the assessment area. TSB operates ten full-service branches in the MSA, 40% of which are located in moderate-income census tracts, 20% in middle-income, and 40% in upper-income census tracts. Twenty-three ATMs are operated throughout the area, including 13 off-premises at convenient locations such as the Valley International Airport, five different Tejano Marts, ONA Food Stores in Harlingen, Chapa's Food Mart in Santa Rosa, and a Hop 'n Shop on South Padre Island. The geographic distribution of these 13 ATMs throughout the area is 15% moderate, 31% middle, and 54% upper-income census tracts.

Products are virtually identical in all offices and business hours do not vary in a way that inconveniences certain portions of the assessment area. Standard branch hours are 9 a.m. to 4 p.m. Monday through Thursday and 9 a.m. to 6 p.m. on Friday. Saturday banking hours are offered at all ten branch locations from 9 a.m. to 1 p.m. The motor banks at all locations are open from 7:30 or 8 a.m. until 6 p.m. Monday through Friday and from 8 or 9 a.m. to 1 p.m. on Saturdays. The bank has not opened or closed any branches in the Brownsville MSA since the previous evaluation.

Community Development Services: TSB provides a substantial level of community development services within the Brownsville assessment area. The bank is a leader in the small business and affordable housing initiatives within the community, serving as a founding member of the area's award-winning CDFI, the Rio Grande Valley Multibank, and providing significant time and financial expertise to promote the U.S. SBA's lending programs in the area. Office space was provided at the downtown Brownsville branch, allowing the SBA to provide information and loan consultations to small business owners in the Hispanic commercial district. The La Feria branch provides technical support to the city of La Feria and the La Feria ISD, and assists the community with SBA and federal student loan packages. TSB also participated in the First Annual Harlingen Area Builders Association Home Show.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN HOUSTON-BAYTOWN-SUGAR LAND, TEXAS MSA 26420

The Houston assessment area consists of three of the ten counties that comprise the Houston-Baytown-Sugar Land, TX MSA: Harris, Fort Bend, and Montgomery. The assessment area, located on the Texas Gulf Coast, contains the city of Houston, the largest city in the state and fourth largest in the nation. The total population for the three-county assessment area was estimated at almost 4.5 million in 2004. This is a ten percent increase since the 2000 census. Eighty-two percent of the AA population reside in Harris County, which is the state's largest county.

Fort Bend County, southwest of Harris County, has continued to experience tremendous population growth, ranking as the second fastest growing county in the nation. The county's total population has increased almost 25% since 2000 and is estimated at 442,620. Major cities include Sugar Land, Missouri City, Rosenberg, and Richmond, the county seat. Fort Bend is also a leader in education with 41% of county residents holding a bachelor's degree or higher, significantly above the 26% national average.

Montgomery County, north of Harris, is the third largest county in the MSA with 362,382 residents. The county seat and largest town in the county is Conroe with a population of 43,402. Other municipalities include Willis, New Caney, and Magnolia. Montgomery County is known for its lumber industry and the discovery of the Conroe oil fields in the 1930's, both of which continue to bring economic success to Montgomery County.

As of the examination date, August 22, 2005, TSB operated three retail branches in the Houston assessment area, representing four percent of all retail branches in the bank's combined assessment areas. The Houston area branches contained \$750.9 million in deposits at June 30, 2004, or 16% percent of the bank's total branch deposits in its combined assessment areas. TSB operates two branches in Houston and one in Sugar Land.

As of June 30, 2004, there were 77 insured institutions operating 919 banking offices in Harris and Fort Bend Counties. TSB ranked 17th in market share, with one percent of the \$74.8 billion in market deposits. The leading institutions were JPMorgan Chase Bank (34.2 %); Bank of America, N.A. (10.4 %); and Wells Fargo Bank, N.A. (7.6%). In TSB's immediate trade area, there are numerous community banks and local credit unions that compete for consumer deposits and loans.

Demographic and economic information impacting the bank's performance context are discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census, 2000; the U.S. Department of Labor; the U.S. Department of Housing and Urban Development; and the Texas Workforce Commission.

Census tracts: The Houston assessment area contained 754 census tracts in 2004, including 9% low-income, 31% moderate-income, 29% middle-income, 30% upper-income census tracts, and eight tracts with no population or housing units.

Income: According to the 2000 census, there are just over one million families in the assessment area. Twenty-two percent of the families in the AA are low-income, with 11% of total families living below the poverty level. Seventeen percent are moderate-income, 19% are middle-income, and 42% are upper-income families. The 2004 HUD-adjusted median family income for the Houston MSA is \$59,400, up slightly from \$59,100 in 2003.

Housing: There are 1.5 million housing units in the AA. According to the American Community Survey, the number of housing units in the Houston area increased over seven percent between 2000 and 2003. Fifty-five percent of housing units are owner-occupied. Rental units comprise 38% of all housing units, and seven percent are vacant. Sixty-two percent of AA housing units are single-family, 29% are five or more family units, almost 5% are 2-4 family units, and 4% are mobile homes. The median age of the AA housing stock is 24 years, and the median housing value is \$87,072.

Employment: According to the 2004 Dun & Bradstreet data, the AA contains 176,608 business establishments, 87% of which reported gross annual revenues of \$1 million or less. Five percent of businesses are located in low-income census tracts, 26% in moderate-income, 27% in middle-income, and 42% in upper-income tracts. Primary industries are Professional, Scientific and Technical Services (16%); Retail Trade (13%); and Other Services (12%). While still a major refinery center, the Houston area is also a highly industrialized corporate management and international business center and a center for energy, space and medical research. The petrochemical industry continues to employ approximately half of Houston's workforce, with a balance between exploration and drilling and petroleum processing in refineries and chemical companies. Major area employers include Houston Independent School District, Continental Airlines, Wal-Mart, and Exxon Mobil. The labor force for the AA totaled almost two million as of the 2000 census. The 2004 average unemployment rates for Harris, Fort Bend, and Montgomery Counties were 6.3%, 5.2%, and 5.0%, respectively.

The following chart (Exhibit 8) details demographic information for the Houston assessment area obtained from the 2000 U.S. Census and 2004 Dun & Bradstreet data.

EXHIBIT 8 ASSESSMENT AREA DEMOGRAPHICS PORTION OF HOUSTON-BAYTOWN-SUGAR LAND, TEXAS MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	65	8.6	65,556	6.5	22,399	34.2	228,737	22.5
Moderate-income	236	31.3	290,986	28.7	54,592	18.8	175,238	17.3
Middle-income	215	28.5	298,736	29.4	24,812	8.3	189,466	18.7
Upper-income	230	30.5	359,883	35.5	10,795	3.0	421,720	41.5
Unknown-income	8	1.1	0	0.0	0	0.0	0	0.0
Total Area	754	100.0	1,015,161	100.0	112,598	11.1	1,015,161	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	103,526	27,013	3.2	26.1	66,326	64.1	10,187	9.8
Moderate-income	441,903	191,317	22.8	43.3	215,122	48.7	35,464	8.0
Middle-income	464,602	254,187	30.4	54.7	179,919	38.7	30,496	6.6
Upper-income	516,841	364,980	43.6	70.6	120,845	23.4	31,016	6.0
Unknown-income	19	10	0.0	52.6	8	42.1	1	5.3
Total Area	1,526,891	837,507	100.0	54.9	582,220	38.1	107,164	7.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	
Low-income	9,472	5.4	8,116	5.3	940	5.5	416	6.1
Moderate-income	45,334	25.7	38,244	25.0	5,284	31.2	1,806	26.6
Middle-income	46,960	26.6	41,097	26.9	4,096	24.2	1,767	26.0
Upper-income	74,011	41.9	64,845	42.4	6,406	37.8	2,760	40.7
Unknown-income	831	0.5	578	0.4	216	1.3	37	0.5
Total Area	176,608	100.0	152,880	100.0	16,942	100.0	6,786	100.0
		Percentage of Total Businesses:		86.6		9.6		3.8

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN HOUSTON-BAYTOWN-SUGAR LAND, TEXAS MSA

LENDING TEST

TSB's overall lending performance in the Houston assessment area is adequate. The volume of lending in the AA reflects good responsiveness to assessment area credit needs, and the bank demonstrates adequate responsiveness to the credit needs of low-income individuals, geographies and very small businesses. The rating is enhanced by a high level of community development loans, primarily helping to meet the community's need for affordable housing. Detailed information on the bank's lending performance in the Houston AA is located in Appendix B, Tables 13-18.

Lending Activity: TSB's lending activity in the Houston AA is good, given the institution's more limited presence and market share within the area. Nineteen percent by number and 33% by dollar volume of the bank's HMDA, small business and small farm loans during the review period were made in the Houston AA. TSB purchased or originated 2,576 HMDA loans for \$376.9 million, 511 small business loans for \$111.1 million, and three small farm loans for \$200 thousand¹ in the Houston area during the review period. The vast majority of the bank's HMDA lending (97%) in this AA consists of home purchase and refinance loans purchased by TSB. Finally, \$41.7 million in community development loans were originated in the assessment area during the review period.

Geographic Distribution: The geographic distribution of TSB's HMDA lending in the Houston AA reflects adequate penetration throughout the area. TSB's lending in low- and moderate-income census tracts is slightly below peer. In 2003, the bank made or purchased ten HMDA loans in low-income tracts (0.6%), compared to 1.1% for the aggregate. While the percentage is low, only three percent of owner-occupied housing units are located in the area's low-income tracts, and more than a third of the families are below poverty level. Lending in moderate-income tracts also failed to match demographics, with less than 7% for TSB and 11% for the aggregate. This compares unfavorably to 23% owner-occupied housing units and 29% of area families living in moderate-income tracts.

While still below peer, TSB's 2004 HMDA lending performance improved to 1.4% in low-income census tracts and 9% in moderate, compared to the aggregate's 1.7% and 14%, respectively. Analysis by loan type reveals similar results, with TSB's weakest performance in refinance lending in moderate-income tracts (5% for TSB vs. 10% for the aggregate in 2003 and 6% vs. 16% in 2004).

TSB's small business lending distribution is good. All geographic income levels were penetrated, and the distribution was similar to the geographic distribution of area businesses. The bank's geographic performance was also comparable to the aggregate distribution (4% in low-income tracts and 23% in moderate for both reporting years). TSB matched the aggregate performance in moderate-income tracts in 2003, and made a higher percentage of its loans in low-income tracts in 2004. For 2003, the bank reported 3% in low-income tracts and 23% in moderate, and in 2004, 6% of its small business loans were made in low-income tracts and 19% in moderate-income census tracts. This compares reasonably to the 5% and 26% of businesses in low- and moderate-income tracts.

Distribution by Borrower Income and Revenue Size of the Business: TSB's distribution by borrower income is adequate given the demographics and high housing costs in the Houston AA. Census data indicates 22% of area families are low-income, 17% are moderate-income families, and 11% live below the poverty level. In 2003, three percent of TSB's HMDA loans were made to low-income borrowers and almost 14% were to moderate-income borrowers. TSB's lending was similar in 2004 with almost 4% of loans to low-income and 15% to moderate-income borrowers. TSB's distribution by borrower income was comparable to the aggregate HMDA reporters in 2003, but slightly below peer in 2004. Aggregate lenders originated 4% to low-income and 14% of loans to moderate-income borrowers in 2003 and 5% and 18% in 2004.

¹ Small farm loans will not be separately discussed due to immateriality in this urban assessment area.

The distribution of TSB's small business loans by revenue size of the business and loan size is adequate. Demographics indicate 87% of area businesses have gross annual revenues less than or equal to \$1 million. TSB made 57% of its CRA reportable loans to small businesses during the review period, while only 38% of the aggregate's loans went to this size business. The distribution by loan size indicates TSB is doing a reasonable job of making smaller dollar loans available to small business owners. Fifty-three percent of the bank's 2003 and 2004 small business loans were for amounts of \$100,000 or less.

Community Development Lending: TSB is a leader in the origination of community development loans in the Houston MSA. During the review period, the bank provided more than \$50.1 million in acquisition and interim construction financing for affordable subdivisions that will provide homes for low- and moderate-income families in the Houston area. A dozen affordable housing builders and developers received a total of 105 loans to finance affordable housing in Houston, Conroe, Spring, Tomball, Richmond, and other communities throughout the assessment area.

INVESTMENT TEST

TSB made a poor level of qualified community development investments and grants in the Houston AA during the review period. With the exception of charitable donations, no other qualifying community development investments were reported in the Houston assessment area. Total investment activity for this assessment area consists of \$117,941 in qualifying charitable grants and donations. This rating does not detract significantly from the overall investment rating for TSB, considering that TSB holds only one percent of the market share in the Houston MSA and the Houston AA makes up only 16% of TSB's deposit base. However, TSB should seek opportunities to make qualified community development investments in the Houston area.

SERVICE TEST

TSB has an adequate record of performance under the service test in the Houston assessment area. Systems for delivering retail banking services appear effective and are reasonably accessible to essentially all portions of the assessment area, including low- and moderate-income areas. The record of opening and closing branches has not adversely affected the accessibility of its delivery systems. The bank also provides a relatively high level of community development services for the Houston area.

Retail Services: Retail delivery systems are reasonably accessible to essentially all portions of the assessment area. TSB operates three full-service branches and eight on-site ATMs in upper-income census tracts. One of the branches and four of the on-site ATMs are located in the highly commercial area of downtown Houston which is immediately adjacent to low-income census tracts. In addition, the bank operates three off-premises ATMs, two of which are located in upper-income census tracts and one on the University of Houston campus, in a LMI portion of the assessment area.

Products are virtually identical in all offices and business hours do not vary in a way that inconveniences portions of the assessment area. Standard branch hours are 8:30 or 9 a.m. to 5 p.m. Monday through Friday. Saturday lobby hours are only offered at the Sugar Land location from 9 a.m. to 1 p.m. The Sugar Land motor bank is open from 7 a.m. until 6 p.m. Monday through Friday and from 9 a.m. to 1 p.m. on Saturdays. The Riverway motor bank is open from 8:30 a.m. to 6 p.m. Monday through Friday and closed on Saturdays. The Sugar Land branch was relocated within the same census tract since the previous evaluation and no branches were closed.

Community Development Services: TSB provides an adequate level of community development services within the Houston assessment area. Bank management and staff volunteered time and provided technical and financial expertise to organizations such as the Houston Food Bank, Junior League, Child Advocates of Fort Bend County, and the Fort Bend Economic Development Corporation. In addition, financial education was provided to area students at the Cliffwood School for Underachievers and through Texas Scholars Presentations at Foster High School. TSB also provides free savings accounts and cash services to People in Partnership which runs an elementary school savings program.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BEAUMONT-PORT ARTHUR, TEXAS MSA 13140

The Beaumont assessment area consists of the Beaumont-Port Arthur MSA, which is comprised of Hardin, Jefferson, and Orange counties. The MSA, known as the Golden Triangle, is located on the southeastern Texas Gulf Coast and has a 2004 estimated population of 383,443. Beaumont, 85 miles east of Houston, is the largest city in the assessment area with a population of 112,294. Other municipalities with population estimates include Port Arthur (56,727), Orange (18,140), Groves (15,147), Port Neches (13,224), Vidor (11,293), Lumberton (9,381), and Silsbee (6,620). The overall area population has declined slightly since 2000.

As of the examination date, August 22, 2005, TSB operated 22 retail branches in the Beaumont assessment area, representing 31% of all retail branches in the bank's combined assessment areas. The Beaumont area branches held \$824.5 million in deposits at June 30, 2004, or 18% of the bank's total branch deposits in its combined assessment areas. TSB operates seven branches in Beaumont; five in Port Arthur; two each in Lumberton, Orange, and Silsbee; and one each in Kountze, Port Neches, Sour Lake, and Vidor.

TSB ranks first in deposit market share out of 16 FDIC-insured financial institutions operating in the Beaumont-Port Arthur MSA. The bank held 22.2% of the total market deposits as of June 30, 2004. Hibernia National Bank is second in the MSA, with 17.3% of total deposits, followed by Southtrust Bank with 13.2% and Bank One, N.A. with 10.7%.

Demographic and economic information impacting the bank's performance context are discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census, 2000; the U.S. Department of Labor; the U.S. Department of Housing and Urban Development; and the Texas Workforce Commission.

Census tracts: The Beaumont MSA contained 101 census tracts in 2004, including 7% low-income, 23% moderate-income, 48% middle-income, 20% upper-income, and 3% with zero population or housing units.

Income: According to the 2000 census, there are 102,041 families in the assessment area, 13% of which live below the poverty level. Twenty-two percent of families are low-income, 17% are moderate-income, 20% are middle-income, and 41% are upper-income families. The median family income was \$46,800 in 2003 and increased to \$49,600 in 2004.

Housing: There were 156,697 housing units in the area as of 2000, 64% of which were owner-occupied, 27% rental, and 9% vacant. Almost 74% of housing units are single-family homes, 11% are five or more family units, 10% are mobile homes, and 4% are 2-4 family units. Three percent of owner-occupied housing units are located in low-income census tracts, 16% in moderate-income tracts, 54% in middle-income, and 27% in upper-income census tracts. The housing stock is aging, with a median age of 32 years and the median housing value is \$58,495.

Employment: According to 2004 Dun & Bradstreet data, 13,856 businesses are located in the Beaumont AA. Eighty-nine percent reported gross annual revenues less than or equal to \$1

million. Less than three percent of businesses are located in low-income census tracts, 19% in moderate-income, 52% in middle-income, and 26% are in upper-income tracts. The local economy is supported primarily by petroleum related industries, shipping through three public ports and timber production. Major area employers include Exxon/Mobil Oil Corporation, Beaumont ISD, Westvaco, and Christus St. Elizabeth and Memorial Hermann Baptist Hospitals. The average annual unemployment rate for the assessment area decreased from 9.4% in 2003 to 8.4% in 2004, but is still above the Texas state average of 5.9% and remains among the highest of all Texas metropolitan areas.

The following chart (Exhibit 9) details demographic information for the Beaumont assessment area obtained from the 2000 U.S. Census and 2004 Dun & Bradstreet data.

EXHIBIT 9								
ASSESSMENT AREA DEMOGRAPHICS								
BEAUMONT-PORT ARTHUR, TEXAS MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	7	6.9	4,056	4.0	1,599	39.4	22,834	22.4
Moderate-income	23	22.8	19,392	19.0	5,416	27.9	17,356	17.0
Middle-income	48	47.5	53,211	52.1	4,942	9.3	20,412	20.0
Upper-income	20	19.8	25,382	24.9	1,355	5.3	41,439	40.6
Unknown-income	3	3.0	0	0.0	0	0.0	0	0.0
Total Area	101	100.0	102,041	100.0	13,312	13.0	102,041	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	7,010	3,222	3.2	46.0	2,643	37.7	1,145	16.3
Moderate-income	32,790	15,726	15.7	48.0	12,892	39.3	4,172	12.7
Middle-income	79,149	54,671	54.5	69.1	17,702	22.4	6,776	8.6
Upper-income	37,747	26,764	26.7	70.9	8,707	23.1	2,276	6.0
Unknown-income	1	0	0.0	0.0	0	0.0	1	100.0
Total Area	156,697	100,383	100.0	64.1	41,944	26.8	14,370	9.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	385	2.8	350	2.8	18	1.8	17	3.1
Moderate-income	2,704	19.5	2,349	19.1	249	25.4	106	19.1
Middle-income	7,187	51.9	6,412	52.0	490	50.1	285	51.4
Upper-income	3,567	25.7	3,201	26.0	219	22.4	147	26.5
Unknown-income	13	0.1	10	0.1	3	0.3	0	0.0
Total Area	13,856	100.0	12,322	100.0	979	100.0	555	100.0
	Percentage of Total Businesses:			88.9		7.1		4.0

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BEAUMONT-PORT ARTHUR, TEXAS

LENDING TEST

TSB's performance under the lending test in the Beaumont assessment area is good. The lending levels in the Beaumont MSA reflect good responsiveness to assessment area credit needs, and the bank also demonstrates good responsiveness to the credit needs of low-income individuals, geographies and very small businesses. The rating is further supported by flexible lending practices and a reasonable level of community development loans. Detailed information on the bank's lending performance in the Beaumont AA is located in Appendix B, Tables 19-22.

Lending Activity: Lending levels in the Beaumont MSA are good. Since TSB did not enter the Beaumont area until 2004, lending activity for this assessment area includes only one year's worth of HMDA and CRA small business and small farm loan data reported for 2004 under the name Community Bank & Trust, SSB. Ten percent by number and 8% by dollar volume of TSB's overall HMDA, small business and small farm loans during the review period were made in the Beaumont AA. TSB originated 463 HMDA loans for \$42.6 million; 1,136 small business loans for \$73.9 million; and 13 small farm loans for \$579 thousand in the Beaumont area during the review period. In addition, \$3.2 million in community development loans were extended. This volume of lending demonstrates a solid commitment to meeting the area's credit needs.

In 2004, TSB ranked second in total loan originations of 73 lenders reporting small business loans, and first in making small business loans to businesses with revenues of \$1 million or less. TSB originated 14% of all small business loans in the Beaumont MSA in 2004 and 28% of the total dollar volume. The bank ranked fourth among HMDA lenders and fourth among small farm lenders.

Geographic Distribution: The geographic distribution of TSB's lending is good when compared to aggregate performance and other performance context data. The bank's loans are well-disbursed throughout the area, with credit extended in 92% of all census tracts in the MSA. Although below demographics, TSB's HMDA lending is substantially similar to the aggregate banks: just under one percent in low-income tracts and 8% in moderate-income census tracts. The low level of lending in low-income tracts is mitigated by the 39% poverty rate and high rental and vacancy rates in this portion of the assessment area.

TSB's small business loans were distributed in almost every census tract in the area. Almost one percent of the bank's small business loans were made in low-income census tracts and 17% in moderate-income census tracts. This compares reasonably to the 3% and 20% of businesses located in these tracts. TSB's performance in low- and moderate-income tracts was similar to the aggregate. On a dollar volume basis, almost two percent and 22% of TSB's small business loans were in low and moderate tracts, respectively, compared to one percent and 24% for the aggregate.

TSB's small farm lending is adequate. While TSB originated no small farm loans in low- and moderate-income census tracts in 2004, Dun & Bradstreet data indicates there are only thirteen farms located in these areas. In comparison, the aggregate made no small farms loans in low-income census tracts and only six loans or 5% of the number and less than 2% of the dollar amount in moderate-income census tracts.

Distribution by Borrower Income and Revenue Size of the Business: TSB's HMDA loan distribution by borrower income is good, with strong performance in home improvement lending to LMI borrowers. Census data indicates 22% of area families are low-income, 17% are moderate-income families, and 13% live below the poverty level. Almost 7% of TSB's HMDA loans were made to low-income borrowers and 15% were to moderate-income borrowers. TSB's distribution to low-income borrowers was slightly better than the performance of aggregate HMDA reporters, who made less than 6% of loans to low-income borrowers in 2004 and 15% to those with moderate-incomes. TSB's home improvement loan distribution is excellent, with almost 35% of loans going to LMI families in 2004.

The distribution of TSB's small business loans by revenue size of the business and loan size is good. With demographics indicating 89% of area businesses have gross annual revenues less than or equal to \$1 million, TSB made 72% of its reportable loans to small businesses during the review period. By comparison, only 42% of the aggregate's loans went to this size business. The distribution by loan size indicates TSB is doing a good job of making smaller dollar loans available to small business owners. Almost 84% percent of the bank's 2004 small business loans were for amounts of \$100,000 or less, compared to 93% for the aggregate.

TSB's small farm loan distribution is good. Farms with \$1 million or less in gross annual revenues received 100% of the bank's loans during the review period. This compares favorably to the demographics of 97% small farms in the area. In addition, TSB made a higher percentage of its 2004 farm loans to small farms than the aggregate.

Community Development Lending: TSB made an adequate level of community development loans in the Beaumont-Port Arthur MSA. During the review period, the bank extended six loans totaling \$3.2 million to local community development organizations providing affordable housing for low- and moderate-income families in the assessment area.

INVESTMENT TEST

TSB made an adequate level of qualified community development investments and grants in the Beaumont assessment area. Total investment activity for this assessment area consists of seven municipal bond obligations totaling \$1.6 million that serve to finance infrastructure and street improvements, and \$23,391 in qualifying charitable grants and donations.

SERVICE TEST

TSB has an excellent record of performance under the service test in the Beaumont assessment area. Systems for delivering retail banking services appear effective and are accessible to essentially all portions of the assessment area, including low- and moderate-income areas. The bank also serves as a leader in providing community development services for the Beaumont area.

Retail Services: Retail delivery systems are accessible to essentially all portions of the assessment area. TSB operates 22 full-service branches throughout the MSA: five (23%) are located in moderate-income census tracts, 14 (63%) in middle-income, and three (14%) in upper-income census tracts. The three upper-income branches are in close proximity and reasonably accessible to a low-income portion of the assessment area. In addition to ATMs located at all but two branches, there are four off-premises ATMs located at convenient locations throughout the assessment area. Three of these ATMs are located in moderate-income census tracts and one is in an upper-income census tract.

Products are virtually identical in all offices and business hours do not vary in a way that inconveniences certain portions of the assessment area. Standard branch hours are 9 a.m. to 4 p.m. Monday through Thursday and 9 a.m. to 5:30 or 6 p.m. on Friday. There are no branches in the assessment area that offer Saturday lobby hours; however, motor banks at all but three locations are open from 7:30 a.m. until 6 p.m. Monday through Friday and from 8 or 8:30 a.m. to noon on Saturdays. In addition, five branches located inside local Wal-Marts offer extended hours from 9 a.m. to 7 p.m. Monday through Friday, 10 a.m. to 6 p.m. on Saturday, and noon to 6 p.m. on Sunday. Additionally, the bank's Port Arthur Central Mall branch is open from 10 a.m. to 7 p.m. Monday through Saturday. All of the branches were acquired (20) or opened (two) by TSB since the previous examination, and the record of opening branches has improved the accessibility of its delivery systems, particularly to LMI geographies and LMI individuals.

Community Development Services: TSB is a leader in providing community development services to low- and moderate-income individuals, children and families, and small businesses in the Beaumont assessment area. Bank management and staff serve in leadership roles and contribute their time and financial expertise to numerous organizations providing community services and promoting economic and community development in the area, including the following:

- Beaumont Community Housing Development Organization
- Beaumont Community Partners for Abused and Neglected Children
- Beaumont Habitat for Humanity
- Boys and Girls Club
- Chambers of Commerce of Beaumont, Lumberton, Nederland, Port Neches, Silsbee, and Sour Lake
- Family Resource Center, Inc.
- Family Services of Southeast Texas
- Goodwill Industries of Southeast Texas and Southwest Louisiana, Inc.
- Julie Rogers "Gift of Life" Program

- Junior League of Beaumont
- Nederland Economic Development Corporation
- Port Neches Community Chest
- Salvation Armies of Beaumont, Port Arthur, and Hardin County
- Some Other Place
- Sour Lake Economic Development Corporation
- Southeast Texas Community Development Foundation
- Southeast Texas Economic Development Foundation
- Southeast Texas Regional Planning Commission
- Ubi Caritas Medical Clinic
- United Ways of Beaumont and South Jefferson County

In addition to the above activities, TSB has participated in or sponsored the following programs promoting affordable housing and homeownership, community services to LMI people, and economic development:

- City of Port Arthur Banker's Forum
- Golden Triangle Fair Housing Coalition 6th Annual Fair Housing Conference
- Hardin-Orange County Finance Corporation First Time Home Buyers Program
- Lamar Port Arthur Job Fair
- Martin Luther King Middle School Career Day
- Ozen High School Career Day
- Texas Workforce Commission and SBA Business Development Seminar

LIMITED SCOPE ASSESSMENT AREA CONCLUSIONS

*For each assessment area where a limited scope review was performed
using the examination procedures.*

TSB's performance in the assessment areas receiving a limited review is generally consistent with the overall performance in the full scope assessment areas. Lending performance in the bank's non-metropolitan AA is particularly noteworthy, however, the bank should seek opportunities to originate community development loans in the limited scope areas. Recent changes to the regulation may increase opportunities to serve the distressed and underserved non-metropolitan portions of the bank's AAs. TSB's market share and branch presence in the Corpus Christi and Tyler markets are limited, and the non-metropolitan area contains less than 9% of the bank's total deposits and loans. Therefore, the following conclusions regarding performance did not weigh heavily in the overall rating. Facts and data reviewed, including performance and demographic information, can be found in Appendix B, Tables 23-30, and Appendix C.

ASSESSMENT AREA	LENDING TEST	INVESTMENT TEST	SERVICE TEST
Corpus Christi MSA	Consistent	Inconsistent	Inconsistent
Tyler MSA	Consistent	Consistent	Consistent
Non-metropolitan	Consistent	Consistent	Consistent

APPENDIX A GLOSSARY OF TERMS

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 metropolitan area/assessment area.

Census tract: 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 statistical 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.

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 nonrelatives 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 scope review: Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract delineated by the U.S. 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 data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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

Limited scope review: Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, 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 metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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

**APPENDIX B
LOAN TABLES**

Texas State Bank's 2003 and 2004 HMDA and CRA loan data and peer group 2004 comparison data is presented in this section in the order the assessment areas appear in the conclusions section of the report.

Table 1.

MCALLEN ASSESSMENT AREA	TEXAS STATE BANK 2003 HMDA LOAN DISTRIBUTION							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	3	1.2%	47	0.3%
Moderate	38	15.0%	2,117	11.6%	18	7.1%	660	3.6%
<i>Low/Moderate Total</i>	38	15.0%	2,117	11.6%	21	8.3%	707	3.9%
Middle	101	39.8%	5,472	30.0%	26	10.2%	1,118	6.1%
Upper	115	45.3%	10,666	58.4%	165	65.0%	12,620	69.1%
Unknown	0	0.0%	0	0.0%	42	16.5%	3,810	20.9%
<i>Total</i>	254	100.0%	18,255	100.0%	254	100.0%	18,255	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	5	6.8%	92	1.3%
Moderate	14	19.2%	1,455	19.9%	5	6.8%	165	2.3%
<i>Low/Moderate Total</i>	14	19.2%	1,455	19.9%	10	13.7%	257	3.5%
Middle	40	54.8%	3,773	51.6%	10	13.7%	311	4.3%
Upper	19	26.0%	2,077	28.4%	43	58.9%	3,180	43.5%
Unknown	0	0.0%	0	0.0%	10	13.7%	3,557	48.7%
<i>Total</i>	73	100.0%	7,305	100.0%	73	100.0%	7,305	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	17	11.7%	71	2.9%
Moderate	37	25.5%	513	20.8%	17	11.7%	130	5.3%
<i>Low/Moderate Total</i>	37	25.5%	513	20.8%	34	23.4%	201	8.1%
Middle	76	52.4%	1,263	51.2%	29	20.0%	263	10.7%
Upper	32	22.1%	693	28.1%	74	51.0%	1,787	72.4%
Unknown	0	0.0%	0	0.0%	8	5.5%	218	8.8%
<i>Total</i>	145	100.0%	2,469	100.0%	145	100.0%	2,469	100.0%
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	3	75.0%	392	80.5%	0	0.0%	0	0.0%
Upper	1	25.0%	95	19.5%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	4	100.0%	487	100.0%
<i>Total</i>	4	100.0%	487	100.0%	4	100.0%	487	100.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	25	5.3%	210	0.7%
Moderate	89	18.7%	4,085	14.3%	40	8.4%	955	3.3%
<i>Low/Moderate Total</i>	89	18.7%	4,085	14.3%	65	13.7%	1,165	4.1%
Middle	220	46.2%	10,900	38.2%	65	13.7%	1,692	5.9%
Upper	167	35.1%	13,531	47.5%	282	59.2%	17,587	61.7%
Unknown	0	0.0%	0	0.0%	64	13.4%	8,072	28.3%
<i>Total</i>	476	100.0%	28,516	100.0%	476	100.0%	28,516	100.0%

Table 2.

MCALLEN ASSESSMENT AREA	TEXAS STATE BANK 2004 HMDA LOAN DISTRIBUTION							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	8	1.2%	207	0.3%
Moderate	74	11.1%	4,990	7.8%	38	5.7%	1,997	3.1%
<i>Low/Moderate Total</i>	74	11.1%	4,990	7.8%	46	6.9%	2,204	3.4%
Middle	198	29.6%	14,841	23.2%	84	12.6%	4,793	7.5%
Upper	396	59.3%	44,076	69.0%	516	77.2%	54,252	84.9%
Unknown	0	0.0%	0	0.0%	22	3.3%	2,658	4.2%
<i>Total</i>	668	100.0%	63,907	100.0%	668	100.0%	63,907	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	1	0.5%	96	0.4%
Moderate	34	15.4%	3,087	13.4%	16	7.2%	660	2.9%
<i>Low/Moderate Total</i>	34	15.4%	3,087	13.4%	17	7.7%	756	3.3%
Middle	93	42.1%	8,533	37.1%	27	12.2%	1,888	8.2%
Upper	94	42.5%	11,393	49.5%	169	76.5%	18,404	80.0%
Unknown	0	0.0%	0	0.0%	8	3.6%	1,965	8.5%
<i>Total</i>	221	100.0%	23,013	100.0%	221	100.0%	23,013	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	19	11.2%	132	4.5%
Moderate	47	27.6%	514	17.5%	32	18.8%	300	10.2%
<i>Low/Moderate Total</i>	47	27.6%	514	17.5%	51	30.0%	432	14.7%
Middle	80	47.1%	1,469	50.1%	35	20.6%	402	13.7%
Upper	43	25.3%	950	32.4%	75	44.1%	1,937	66.0%
Unknown	0	0.0%	0	0.0%	9	5.3%	162	5.5%
<i>Total</i>	170	100.0%	2,933	100.0%	170	100.0%	2,933	100.0%
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	6	66.7%	910	65.9%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	6	66.7%	910	65.9%	0	0.0%	0	0.0%
Middle	3	33.3%	470	34.1%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	9	100.0%	1,380	100.0%
<i>Total</i>	9	100.0%	1,380	100.0%	9	100.0%	1,380	100.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	28	2.6%	435	0.5%
Moderate	161	15.1%	9,501	10.4%	86	8.1%	2,957	3.2%
<i>Low/Moderate Total</i>	161	15.1%	9,501	10.4%	114	10.7%	3,392	3.7%
Middle	374	35.0%	25,313	27.7%	146	13.7%	7,083	7.8%
Upper	533	49.9%	56,419	61.8%	760	71.2%	74,593	81.8%
Unknown	0	0.0%	0	0.0%	48	4.5%	6,165	6.8%
<i>Total</i>	1,068	100.0%	91,233	100.0%	1,068	100.0%	91,233	100.0%

Table 3.

MCALLEN ASSESSMENT AREA	PEER GROUP 2004 HMDA LOAN DISTRIBUTION TABLE							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	90	1.0%	3,110	0.4%
Moderate	1,245	13.6%	93,658	10.8%	451	4.9%	22,411	2.6%
<i>Low/Moderate Total</i>	<i>1,245</i>	<i>13.6%</i>	<i>93,658</i>	<i>10.8%</i>	<i>541</i>	<i>5.9%</i>	<i>25,521</i>	<i>2.9%</i>
Middle	3,464	37.9%	286,224	32.9%	1,353	14.8%	90,061	10.3%
Upper	4,441	48.5%	490,660	56.4%	5,841	63.8%	625,090	71.8%
Unknown	0	0.0%	0	0.0%	1,415	15.5%	129,870	14.9%
<i>Total</i>	<i>9,150</i>	<i>100.0%</i>	<i>870,542</i>	<i>100.0%</i>	<i>9,150</i>	<i>100.0%</i>	<i>870,542</i>	<i>100.0%</i>
	Refinance							
Low	0	0.0%	0	0.0%	84	1.2%	2,663	0.4%
Moderate	1,020	15.1%	74,436	12.1%	423	6.3%	18,900	3.1%
<i>Low/Moderate Total</i>	<i>1,020</i>	<i>15.1%</i>	<i>74,436</i>	<i>12.1%</i>	<i>507</i>	<i>7.5%</i>	<i>21,563</i>	<i>3.5%</i>
Middle	2,794	41.3%	222,192	36.1%	971	14.4%	57,864	9.4%
Upper	2,946	43.6%	319,125	51.8%	4,283	63.4%	442,297	71.8%
Unknown	0	0.0%	0	0.0%	999	14.8%	94,029	15.3%
<i>Total</i>	<i>6,760</i>	<i>100.0%</i>	<i>615,753</i>	<i>100.0%</i>	<i>6,760</i>	<i>100.0%</i>	<i>615,753</i>	<i>100.0%</i>
	Home Improvement							
Low	0	0.0%	0	0.0%	69	6.9%	1,007	2.9%
Moderate	201	20.2%	6,025	17.3%	152	15.3%	3,069	8.8%
<i>Low/Moderate Total</i>	<i>201</i>	<i>20.2%</i>	<i>6,025</i>	<i>17.3%</i>	<i>221</i>	<i>22.2%</i>	<i>4,076</i>	<i>11.7%</i>
Middle	479	48.1%	14,297	41.1%	158	15.9%	4,140	11.9%
Upper	315	31.7%	14,474	41.6%	567	57.0%	25,081	72.1%
Unknown	0	0.0%	0	0.0%	49	4.9%	1,499	4.3%
<i>Total</i>	<i>995</i>	<i>100.0%</i>	<i>34,796</i>	<i>100.0%</i>	<i>995</i>	<i>100.0%</i>	<i>34,796</i>	<i>100.0%</i>
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	42	24.3%	5,832	7.2%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>42</i>	<i>24.3%</i>	<i>5,832</i>	<i>7.2%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	84	48.6%	22,617	27.8%	0	0.0%	0	0.0%
Upper	47	27.2%	52,864	65.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	173	100.0%	81,313	100.0%
<i>Total</i>	<i>173</i>	<i>100.0%</i>	<i>81,313</i>	<i>100.0%</i>	<i>173</i>	<i>100.0%</i>	<i>81,313</i>	<i>100.0%</i>
	HMDA Totals							
Low	0	0.0%	0	0.0%	243	1.4%	6,780	0.4%
Moderate	2,508	14.7%	179,951	11.2%	1,026	6.0%	44,380	2.8%
<i>Low/Moderate Total</i>	<i>2,508</i>	<i>14.7%</i>	<i>179,951</i>	<i>11.2%</i>	<i>1,269</i>	<i>7.4%</i>	<i>51,160</i>	<i>3.2%</i>
Middle	6,821	39.9%	545,330	34.0%	2,482	14.5%	152,065	9.5%
Upper	7,749	45.4%	877,123	54.7%	10,691	62.6%	1,092,468	68.2%
Unknown	0	0.0%	0	0.0%	2,636	15.4%	306,711	19.1%
<i>Total</i>	<i>17,078</i>	<i>100.0%</i>	<i>1,602,404</i>	<i>100.0%</i>	<i>17,078</i>	<i>100.0%</i>	<i>1,602,404</i>	<i>100.0%</i>

Table 4.

MCALLEN ASSESSMENT AREA	TEXAS STATE BANK 2003 CRA LOAN DISTRIBUTION							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	546	18.2%	42,395	17.8%	45	26.6%	6,616	31.3%
<i>Low/Moderate Total</i>	<i>546</i>	<i>18.2%</i>	<i>42,395</i>	<i>17.8%</i>	<i>45</i>	<i>26.6%</i>	<i>6,616</i>	<i>31.3%</i>
Middle	1,177	39.3%	92,087	38.6%	74	43.8%	8,865	42.0%
Upper	1,273	42.5%	104,220	43.7%	50	29.6%	5,644	26.7%
<i>Total</i>	<i>2,996</i>	<i>100.0%</i>	<i>238,702</i>	<i>100.0%</i>	<i>169</i>	<i>100.0%</i>	<i>21,125</i>	<i>100.0%</i>
	By Revenue							
Total \$1 Million or Less	2,342	78.2%	131,440	55.1%	143	84.6%	13,781	65.2%
Over \$1 Million	644	21.5%	106,088	44.4%	26	15.4%	7,344	34.8%
Not Known	10	0.3%	1,174	0.5%	0	0.0%	0	0.0%
<i>Total</i>	<i>2,996</i>	<i>100.0%</i>	<i>238,702</i>	<i>100.0%</i>	<i>169</i>	<i>100.0%</i>	<i>21,125</i>	<i>100.0%</i>
	By Loan Size							
\$100,000 or less	2,469	82.4%	71,914	30.1%	107	63.3%	3,578	16.9%
\$100,001 - \$250,000	305	10.2%	52,551	22.0%	31	18.3%	5,948	28.2%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	222	7.4%	114,237	47.9%	31	18.3%	11,599	54.9%
<i>Total</i>	<i>2,996</i>	<i>100.0%</i>	<i>238,702</i>	<i>100.0%</i>	<i>169</i>	<i>100.0%</i>	<i>21,125</i>	<i>100.0%</i>

Table 5.

MCALLEN ASSESSMENT AREA	TEXAS STATE BANK 2004 CRA LOAN DISTRIBUTION							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	449	16.3%	36,746	16.6%	33	28.2%	4,005	29.7%
<i>Low/Moderate Total</i>	<i>449</i>	<i>16.3%</i>	<i>36,746</i>	<i>16.6%</i>	<i>33</i>	<i>28.2%</i>	<i>4,005</i>	<i>29.7%</i>
Middle	1,147	41.5%	86,979	39.3%	62	53.0%	6,762	50.2%
Upper	1,166	42.2%	97,501	44.1%	22	18.8%	2,714	20.1%
<i>Total</i>	<i>2,762</i>	<i>100.0%</i>	<i>221,226</i>	<i>100.0%</i>	<i>117</i>	<i>100.0%</i>	<i>13,481</i>	<i>100.0%</i>
	By Revenue							
Total \$1 Million or Less	2,214	80.2%	127,971	57.8%	103	88.0%	11,239	83.4%
Over \$1 Million	537	19.4%	91,956	41.6%	14	12.0%	2,242	16.6%
Not Known	11	0.4%	1,299	0.6%	0	0.0%	0	0.0%
<i>Total</i>	<i>2,762</i>	<i>100.0%</i>	<i>221,226</i>	<i>100.0%</i>	<i>117</i>	<i>100.0%</i>	<i>13,481</i>	<i>100.0%</i>
	By Loan Size							
\$100,000 or less	2,250	81.5%	66,903	30.2%	77	65.8%	2,674	19.8%
\$100,001 - \$250,000	314	11.4%	53,269	24.1%	23	19.7%	4,439	32.9%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	198	7.2%	101,054	45.7%	17	14.5%	6,368	47.2%
<i>Total</i>	<i>2,762</i>	<i>100.0%</i>	<i>221,226</i>	<i>100.0%</i>	<i>117</i>	<i>100.0%</i>	<i>13,481</i>	<i>100.0%</i>

Table 6.

MCALLEN ASSESSMENT AREA	PEER GROUP 2004 CRA LOAN DISTRIBUTION							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2,261	16.7%	119,626	17.9%	61	19.2%	6,094	22.0%
<i>Low/Moderate Total</i>	<i>2,261</i>	<i>16.7%</i>	<i>119,626</i>	<i>17.9%</i>	<i>61</i>	<i>19.2%</i>	<i>6,094</i>	<i>22.0%</i>
Middle	4,777	35.4%	232,476	34.8%	164	51.6%	13,312	48.1%
Upper	5,950	44.1%	310,597	46.5%	84	26.4%	8,224	29.7%
Unknown	518	3.8%	5,099	0.8%	9	2.8%	30	0.1%
<i>Total</i>	<i>13,506</i>	<i>100.0%</i>	<i>667,798</i>	<i>100.0%</i>	<i>318</i>	<i>100.0%</i>	<i>27,660</i>	<i>100.0%</i>
	By Revenue							
Total \$1 Million or Less	7,216	53.4%	409,815	61.4%	269	84.6%	22,154	80.1%
	By Loan Size							
\$100,000 or Less	12,001	88.9%	212,112	31.8%	238	74.8%	7,065	25.5%
\$100,001 - \$250,000	914	6.8%	156,309	23.4%	45	14.2%	8,023	29.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	591	4.4%	299,377	44.8%	35	11.0%	12,572	45.5%
<i>Total</i>	<i>13,506</i>	<i>100.0%</i>	<i>667,798</i>	<i>100.0%</i>	<i>318</i>	<i>100.0%</i>	<i>27,660</i>	<i>100.0%</i>

Table 7.

BROWNSVILLE ASSESSMENT AREA	TEXAS STATE BANK 2003 HMDA LOAN DISTRIBUTION							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	4	6.1%	97	2.7%
Moderate	3	4.5%	84	2.4%	6	9.1%	148	4.2%
<i>Low/Moderate Total</i>	3	4.5%	84	2.4%	10	15.2%	245	6.9%
Middle	34	51.5%	1,347	37.9%	8	12.1%	183	5.1%
Upper	29	43.9%	2,126	59.8%	45	68.2%	2,840	79.8%
Unknown	0	0.0%	0	0.0%	3	4.5%	289	8.1%
<i>Total</i>	66	100.0%	3,557	100.0%	66	100.0%	3,557	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	1	3.3%	12	0.6%
Moderate	3	10.0%	206	10.8%	2	6.7%	89	4.7%
<i>Low/Moderate Total</i>	3	10.0%	206	10.8%	3	10.0%	101	5.3%
Middle	11	36.7%	434	22.7%	2	6.7%	151	7.9%
Upper	16	53.3%	1,268	66.5%	23	76.7%	1,442	75.6%
Unknown	0	0.0%	0	0.0%	2	6.7%	214	11.2%
<i>Total</i>	30	100.0%	1,908	100.0%	30	100.0%	1,908	100.0%
	Home Improvement							
Low	2	1.4%	7	0.5%	33	22.6%	172	12.2%
Moderate	26	17.8%	205	14.5%	33	22.6%	123	8.7%
<i>Low/Moderate Total</i>	28	19.2%	212	15.0%	66	45.2%	295	20.9%
Middle	65	44.5%	512	36.2%	24	16.4%	135	9.6%
Upper	53	36.3%	689	48.8%	48	32.9%	814	57.6%
Unknown	0	0.0%	0	0.0%	8	5.5%	169	12.0%
<i>Total</i>	146	100.0%	1,413	100.0%	146	100.0%	1,413	100.0%
	Multi-Family							
Low	1	33.3%	112	3.2%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	1	33.3%	112	3.2%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	2	66.7%	3,441	96.8%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	3	100.0%	3,553	100.0%
<i>Total</i>	3	100.0%	3,553	100.0%	3	100.0%	3,553	100.0%
	HMDA Totals							
Low	3	1.2%	119	1.1%	38	15.5%	281	2.7%
Moderate	32	13.1%	495	4.7%	41	16.7%	360	3.5%
<i>Low/Moderate Total</i>	35	14.3%	614	5.9%	79	32.2%	641	6.1%
Middle	110	44.9%	2,293	22.0%	34	13.9%	469	4.5%
Upper	100	40.8%	7,524	72.1%	116	47.3%	5,096	48.9%
Unknown	0	0.0%	0	0.0%	16	6.5%	4,225	40.5%
<i>Total</i>	245	100.0%	10,431	100.0%	245	100.0%	10,431	100.0%

Table 8.

BROWNSVILLE ASSESSMENT AREA	TEXAS STATE BANK 2004 HMDA LOAN DISTRIBUTION							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	11	4.6%	1,003	4.9%	10	4.2%	455	2.2%
Moderate	31	13.1%	1,721	8.5%	38	16.0%	1,885	9.3%
<i>Low/Moderate Total</i>	<i>42</i>	<i>17.7%</i>	<i>2,724</i>	<i>13.4%</i>	<i>48</i>	<i>20.3%</i>	<i>2,340</i>	<i>11.5%</i>
Middle	77	32.5%	5,792	28.6%	50	21.1%	3,473	17.1%
Upper	118	49.8%	11,757	58.0%	132	55.7%	13,418	66.2%
Unknown	0	0.0%	0	0.0%	7	3.0%	1,042	5.1%
<i>Total</i>	<i>237</i>	<i>100.0%</i>	<i>20,273</i>	<i>100.0%</i>	<i>237</i>	<i>100.0%</i>	<i>20,273</i>	<i>100.0%</i>
	Refinance							
Low	2	2.0%	176	2.2%	8	8.0%	353	4.3%
Moderate	8	8.0%	349	4.3%	13	13.0%	508	6.2%
<i>Low/Moderate Total</i>	<i>10</i>	<i>10.0%</i>	<i>525</i>	<i>6.4%</i>	<i>21</i>	<i>21.0%</i>	<i>861</i>	<i>10.6%</i>
Middle	45	45.0%	3,700	45.4%	24	24.0%	1,640	20.1%
Upper	45	45.0%	3,927	48.2%	51	51.0%	5,084	62.4%
Unknown	0	0.0%	0	0.0%	4	4.0%	567	7.0%
<i>Total</i>	<i>100</i>	<i>100.0%</i>	<i>8,152</i>	<i>100.0%</i>	<i>100</i>	<i>100.0%</i>	<i>8,152</i>	<i>100.0%</i>
	Home Improvement							
Low	2	1.4%	17	0.7%	29	21.0%	258	11.2%
Moderate	15	10.9%	168	7.3%	27	19.6%	182	7.9%
<i>Low/Moderate Total</i>	<i>17</i>	<i>12.3%</i>	<i>185</i>	<i>8.1%</i>	<i>56</i>	<i>40.6%</i>	<i>440</i>	<i>19.1%</i>
Middle	76	55.1%	1,181	51.4%	23	16.7%	232	10.1%
Upper	45	32.6%	932	40.6%	49	35.5%	811	35.3%
Unknown	0	0.0%	0	0.0%	10	7.2%	815	35.5%
<i>Total</i>	<i>138</i>	<i>100.0%</i>	<i>2,298</i>	<i>100.0%</i>	<i>138</i>	<i>100.0%</i>	<i>2,298</i>	<i>100.0%</i>
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2	50.0%	1,427	74.7%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>2</i>	<i>50.0%</i>	<i>1,427</i>	<i>74.7%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	1	25.0%	400	20.9%	0	0.0%	0	0.0%
Upper	1	25.0%	83	4.3%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	4	100.0%	1,910	100.0%
<i>Total</i>	<i>4</i>	<i>100.0%</i>	<i>1,910</i>	<i>100.0%</i>	<i>4</i>	<i>100.0%</i>	<i>1,910</i>	<i>100.0%</i>
	HMDA Totals							
Low	15	3.1%	1,196	3.7%	47	9.8%	1,066	3.3%
Moderate	56	11.7%	3,665	11.2%	78	16.3%	2,575	7.9%
<i>Low/Moderate Total</i>	<i>71</i>	<i>14.8%</i>	<i>4,861</i>	<i>14.9%</i>	<i>125</i>	<i>26.1%</i>	<i>3,641</i>	<i>11.2%</i>
Middle	199	41.5%	11,073	33.9%	97	20.3%	5,345	16.4%
Upper	209	43.6%	16,699	51.2%	232	48.4%	19,313	59.2%
Unknown	0	0.0%	0	0.0%	25	5.2%	4,334	13.3%
<i>Total</i>	<i>479</i>	<i>100.0%</i>	<i>32,633</i>	<i>100.0%</i>	<i>479</i>	<i>100.0%</i>	<i>32,633</i>	<i>100.0%</i>

Table 9.

BROWNSVILLE ASSESSMENT AREA	PEER GROUP 2004 HMDA LOAN DISTRIBUTION							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	170	2.8%	14,792	2.6%	133	2.2%	5,693	1.0%
Moderate	601	9.9%	40,099	7.0%	692	11.4%	37,747	6.6%
<i>Low/Moderate Total</i>	<i>771</i>	<i>12.7%</i>	<i>54,891</i>	<i>9.5%</i>	<i>825</i>	<i>13.6%</i>	<i>43,440</i>	<i>7.6%</i>
Middle	2,003	32.9%	161,261	28.0%	1,056	17.3%	72,053	12.5%
Upper	3,314	54.4%	359,103	62.4%	3,380	55.5%	383,686	66.7%
Unknown	0	0.0%	0	0.0%	827	13.6%	76,076	13.2%
<i>Total</i>	<i>6,088</i>	<i>100.0%</i>	<i>575,255</i>	<i>100.0%</i>	<i>6,088</i>	<i>100.0%</i>	<i>575,255</i>	<i>100.0%</i>
	Refinance							
Low	90	2.2%	9,149	2.4%	86	2.1%	3,312	0.9%
Moderate	407	9.9%	26,258	6.9%	312	7.6%	15,359	4.1%
<i>Low/Moderate Total</i>	<i>497</i>	<i>12.1%</i>	<i>35,407</i>	<i>9.3%</i>	<i>398</i>	<i>9.7%</i>	<i>18,671</i>	<i>4.9%</i>
Middle	1,547	37.5%	128,257	33.9%	640	15.5%	41,265	10.9%
Upper	2,079	50.4%	215,048	56.8%	2,309	56.0%	248,867	65.7%
Unknown	0	0.0%	0	0.0%	776	18.8%	69,909	18.5%
<i>Total</i>	<i>4,123</i>	<i>100.0%</i>	<i>378,712</i>	<i>100.0%</i>	<i>4,123</i>	<i>100.0%</i>	<i>378,712</i>	<i>100.0%</i>
	Home Improvement							
Low	7	1.3%	92	0.5%	55	10.3%	981	5.8%
Moderate	123	23.0%	2,859	17.0%	97	18.1%	1,609	9.6%
<i>Low/Moderate Total</i>	<i>130</i>	<i>24.3%</i>	<i>2,951</i>	<i>17.6%</i>	<i>152</i>	<i>28.4%</i>	<i>2,590</i>	<i>15.4%</i>
Middle	230	43.0%	6,654	39.6%	103	19.3%	3,131	18.7%
Upper	175	32.7%	7,182	42.8%	265	49.5%	10,152	60.5%
Unknown	0	0.0%	0	0.0%	15	2.8%	914	5.4%
<i>Total</i>	<i>535</i>	<i>100.0%</i>	<i>16,787</i>	<i>100.0%</i>	<i>535</i>	<i>100.0%</i>	<i>16,787</i>	<i>100.0%</i>
	Multi-Family							
Low	1	1.8%	122	1.3%	0	0.0%	0	0.0%
Moderate	22	39.3%	2,808	31.1%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>23</i>	<i>41.1%</i>	<i>2,930</i>	<i>32.4%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	10	17.9%	1,355	15.0%	0	0.0%	0	0.0%
Upper	23	41.1%	4,753	52.6%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	56	100.0%	9,038	100.0%
<i>Total</i>	<i>56</i>	<i>100.0%</i>	<i>9,038</i>	<i>100.0%</i>	<i>56</i>	<i>100.0%</i>	<i>9,038</i>	<i>100.0%</i>
	HMDA Totals							
Low	268	2.5%	24,155	2.5%	274	2.5%	9,986	1.0%
Moderate	1,153	10.7%	72,024	7.4%	1,101	10.2%	54,715	5.6%
<i>Low/Moderate Total</i>	<i>1,421</i>	<i>13.2%</i>	<i>96,179</i>	<i>9.8%</i>	<i>1,375</i>	<i>12.7%</i>	<i>64,701</i>	<i>6.6%</i>
Middle	3,790	35.1%	297,527	30.4%	1,799	16.7%	116,449	11.9%
Upper	5,591	51.8%	586,086	59.8%	5,954	55.1%	642,705	65.6%
Unknown	0	0.0%	0	0.0%	1,674	15.5%	155,937	15.9%
<i>Total</i>	<i>10,802</i>	<i>100.0%</i>	<i>979,792</i>	<i>100.0%</i>	<i>10,802</i>	<i>100.0%</i>	<i>979,792</i>	<i>100.0%</i>

Table 10.

BROWNSVILLE ASSESSMENT AREA	TEXAS STATE BANK 2003 CRA LOAN DISTRIBUTION							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	16	1.5%	2,221	2.5%	0	0.0%	0	0.0%
Moderate	227	21.3%	22,293	25.4%	3	3.3%	132	1.1%
<i>Low/Moderate Total</i>	<i>243</i>	<i>22.8%</i>	<i>24,514</i>	<i>28.0%</i>	<i>3</i>	<i>3.3%</i>	<i>132</i>	<i>1.1%</i>
Middle	349	32.7%	26,189	29.9%	76	82.6%	10,356	88.9%
Upper	476	44.6%	36,895	42.1%	13	14.1%	1,163	10.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>1,068</i>	<i>100.0%</i>	<i>87,598</i>	<i>100.0%</i>	<i>92</i>	<i>100.0%</i>	<i>11,651</i>	<i>100.0%</i>
	By Revenue							
Total \$1 Million or Less	881	82.5%	52,219	59.6%	89	96.7%	10,701	91.8%
Over \$1 Million	184	17.2%	35,221	40.2%	3	3.3%	950	8.2%
Not Known	3	0.3%	158	0.2%	0	0.0%	0	0.0%
<i>Total</i>	<i>1,068</i>	<i>100.0%</i>	<i>87,598</i>	<i>100.0%</i>	<i>92</i>	<i>100.0%</i>	<i>11,651</i>	<i>100.0%</i>
	By Loan Size							
\$100,000 or less	871	81.6%	25,955	29.6%	57	62.0%	2,151	18.5%
\$100,001 - \$250,000	108	10.1%	18,577	21.2%	19	20.7%	3,515	30.2%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	89	8.3%	43,066	49.2%	16	17.4%	5,985	51.4%
<i>Total</i>	<i>1,068</i>	<i>100.0%</i>	<i>87,598</i>	<i>100.0%</i>	<i>92</i>	<i>100.0%</i>	<i>11,651</i>	<i>100.0%</i>

Table 11.

BROWNSVILLE ASSESSMENT AREA	TEXAS STATE BANK 2004 CRA LOAN DISTRIBUTION							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	19	1.9%	1,039	1.3%	0	0.0%	0	0.0%
Moderate	242	24.5%	21,671	28.1%	3	5.3%	177	2.9%
<i>Low/Moderate Total</i>	<i>261</i>	<i>26.4%</i>	<i>22,710</i>	<i>29.4%</i>	<i>3</i>	<i>5.3%</i>	<i>177</i>	<i>2.9%</i>
Middle	329	33.3%	23,740	30.8%	39	68.4%	4,081	66.5%
Upper	399	40.3%	30,725	39.8%	15	26.3%	1,880	30.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>989</i>	<i>100.0%</i>	<i>77,175</i>	<i>100.0%</i>	<i>57</i>	<i>100.0%</i>	<i>6,138</i>	<i>100.0%</i>
	By Revenue							
Total \$1 Million or Less	829	83.8%	47,280	61.3%	51	89.5%	4,650	75.8%
Over \$1 Million	159	16.1%	29,845	38.7%	6	10.5%	1,488	24.2%
Not Known	1	0.1%	50	0.1%	0	0.0%	0	0.0%
<i>Total</i>	<i>989</i>	<i>100.0%</i>	<i>77,175</i>	<i>100.0%</i>	<i>57</i>	<i>100.0%</i>	<i>6,138</i>	<i>100.0%</i>
	By Loan Size							
\$100,000 or less	817	82.6%	25,450	33.0%	37	64.9%	1,449	23.6%
\$100,001 - \$250,000	94	9.5%	16,170	21.0%	13	22.8%	2,396	39.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	78	7.9%	35,555	46.1%	7	12.3%	2,293	37.4%
<i>Total</i>	<i>989</i>	<i>100.0%</i>	<i>77,175</i>	<i>100.0%</i>	<i>57</i>	<i>100.0%</i>	<i>6,138</i>	<i>100.0%</i>

Table 12.

BROWNSVILLE ASSESSMENT AREA	PEER GROUP 2004 CRA LOAN DISTRIBUTION							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	168	2.4%	5,849	2.0%	0	0.0%	0	0.0%
Moderate	1,684	23.7%	71,743	24.1%	31	16.2%	2,185	13.7%
<i>Low/Moderate Total</i>	<i>1,852</i>	<i>26.0%</i>	<i>77,592</i>	<i>26.1%</i>	<i>31</i>	<i>16.2%</i>	<i>2,185</i>	<i>13.7%</i>
Middle	2,048	28.8%	76,909	25.8%	98	51.3%	8,957	56.0%
Upper	2,871	40.3%	139,829	46.9%	54	28.3%	4,694	29.4%
Unknown	349	4.9%	3,515	1.2%	8	4.2%	155	1.0%
<i>Total</i>	<i>7,120</i>	<i>100.0%</i>	<i>297,845</i>	<i>100.0%</i>	<i>191</i>	<i>100.0%</i>	<i>15,991</i>	<i>100.0%</i>
	By Revenue							
Total \$1 Million or Less	3,479	48.9%	177,796	59.7%	173	90.6%	13,759	86.0%
	By Loan Size							
\$100,000 or Less	6,511	91.4%	108,576	36.5%	140	73.3%	4,415	27.6%
\$100,001 - \$250,000	341	4.8%	58,258	19.6%	35	18.3%	6,062	37.9%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	268	3.8%	131,011	44.0%	16	8.4%	5,514	34.5%
<i>Total</i>	<i>7,120</i>	<i>100.0%</i>	<i>297,845</i>	<i>100.0%</i>	<i>191</i>	<i>100.0%</i>	<i>15,991</i>	<i>100.0%</i>

Table 13.

HOUSTON ASSESSMENT AREA	TEXAS STATE BANK 2003 HMDA LOAN DISTRIBUTION							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	5	0.6%	794	0.6%	41	4.8%	3,619	3.0%
Moderate	76	8.9%	9,075	7.4%	157	18.4%	16,798	13.7%
<i>Low/Moderate Total</i>	<i>81</i>	<i>9.5%</i>	<i>9,869</i>	<i>8.0%</i>	<i>198</i>	<i>23.2%</i>	<i>20,417</i>	<i>16.6%</i>
Middle	255	29.9%	34,036	27.8%	245	28.7%	31,374	25.6%
Upper	517	60.6%	78,742	64.2%	385	45.1%	67,186	54.8%
Unknown	0	0.0%	0	0.0%	25	2.9%	3,670	3.0%
<i>Total</i>	<i>853</i>	<i>100.0%</i>	<i>122,647</i>	<i>100.0%</i>	<i>853</i>	<i>100.0%</i>	<i>122,647</i>	<i>100.0%</i>
	Refinance							
Low	5	0.6%	422	0.3%	11	1.3%	1,121	0.9%
Moderate	39	4.7%	5,146	4.2%	75	9.0%	6,650	5.5%
<i>Low/Moderate Total</i>	<i>44</i>	<i>5.3%</i>	<i>5,568</i>	<i>4.6%</i>	<i>86</i>	<i>10.3%</i>	<i>7,771</i>	<i>6.4%</i>
Middle	206	24.7%	26,610	21.9%	174	20.9%	19,837	16.3%
Upper	584	70.0%	89,297	73.5%	562	67.4%	91,913	75.7%
Unknown	0	0.0%	0	0.0%	12	1.4%	1,954	1.6%
<i>Total</i>	<i>834</i>	<i>100.0%</i>	<i>121,475</i>	<i>100.0%</i>	<i>834</i>	<i>100.0%</i>	<i>121,475</i>	<i>100.0%</i>
	Home Improvement							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	1	16.7%	105	17.8%
<i>Low/Moderate Total</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>1</i>	<i>16.7%</i>	<i>105</i>	<i>17.8%</i>
Middle	2	33.3%	265	44.9%	1	16.7%	25	4.2%
Upper	4	66.7%	325	55.1%	4	66.7%	460	78.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>6</i>	<i>100.0%</i>	<i>590</i>	<i>100.0%</i>	<i>6</i>	<i>100.0%</i>	<i>590</i>	<i>100.0%</i>
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
	HMDA Totals							
Low	10	0.6%	1,216	0.5%	52	3.1%	4,740	1.9%
Moderate	115	6.8%	14,221	5.8%	233	13.8%	23,553	9.6%
<i>Low/Moderate Total</i>	<i>125</i>	<i>7.4%</i>	<i>15,437</i>	<i>6.3%</i>	<i>285</i>	<i>16.8%</i>	<i>28,293</i>	<i>11.6%</i>
Middle	463	27.3%	60,911	24.9%	420	24.8%	51,236	20.9%
Upper	1,105	65.3%	168,364	68.8%	951	56.2%	159,559	65.2%
Unknown	0	0.0%	0	0.0%	37	2.2%	5,624	2.3%
<i>Total</i>	<i>1,693</i>	<i>100.0%</i>	<i>244,712</i>	<i>100.0%</i>	<i>1,693</i>	<i>100.0%</i>	<i>244,712</i>	<i>100.0%</i>

Table 14.

HOUSTON ASSESSMENT AREA	TEXAS STATE BANK 2004 HMDA LOAN DISTRIBUTION							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	9	1.5%	1,147	1.3%	25	4.2%	2,046	2.4%
Moderate	60	10.0%	6,836	7.9%	101	16.9%	10,755	12.5%
<i>Low/Moderate Total</i>	<i>69</i>	<i>11.5%</i>	<i>7,983</i>	<i>9.2%</i>	<i>126</i>	<i>21.1%</i>	<i>12,801</i>	<i>14.8%</i>
Middle	157	26.3%	19,424	22.5%	156	26.1%	19,583	22.7%
Upper	371	62.0%	58,870	68.2%	286	47.8%	49,287	57.1%
Unknown	1	0.2%	46	0.1%	30	5.0%	4,652	5.4%
<i>Total</i>	<i>598</i>	<i>100.0%</i>	<i>86,323</i>	<i>100.0%</i>	<i>598</i>	<i>100.0%</i>	<i>86,323</i>	<i>100.0%</i>
	Refinance							
Low	3	1.1%	505	1.2%	5	1.9%	357	0.8%
Moderate	17	6.4%	1,773	4.1%	32	12.0%	4,043	9.3%
<i>Low/Moderate Total</i>	<i>20</i>	<i>7.5%</i>	<i>2,278</i>	<i>5.2%</i>	<i>37</i>	<i>13.9%</i>	<i>4,400</i>	<i>10.1%</i>
Middle	67	25.1%	10,707	24.6%	47	17.6%	5,283	12.1%
Upper	180	67.4%	30,618	70.2%	181	67.8%	33,706	77.3%
Unknown	0	0.0%	0	0.0%	2	0.7%	214	0.5%
<i>Total</i>	<i>267</i>	<i>100.0%</i>	<i>43,603</i>	<i>100.0%</i>	<i>267</i>	<i>100.0%</i>	<i>43,603</i>	<i>100.0%</i>
	Home Improvement							
Low	0	0.0%	0	0.0%	1	5.6%	25	1.1%
Moderate	3	16.7%	148	6.6%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>3</i>	<i>16.7%</i>	<i>148</i>	<i>6.6%</i>	<i>1</i>	<i>5.6%</i>	<i>25</i>	<i>1.1%</i>
Middle	6	33.3%	1,629	73.0%	5	27.8%	180	8.1%
Upper	9	50.0%	455	20.4%	11	61.1%	541	24.2%
Unknown	0	0.0%	0	0.0%	1	5.6%	1,486	66.6%
<i>Total</i>	<i>18</i>	<i>100.0%</i>	<i>2,232</i>	<i>100.0%</i>	<i>18</i>	<i>100.0%</i>	<i>2,232</i>	<i>100.0%</i>
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
	HMDA Totals							
Low	12	1.4%	1,652	1.3%	31	3.5%	2,428	1.8%
Moderate	80	9.1%	8,757	6.6%	133	15.1%	14,798	11.2%
<i>Low/Moderate Total</i>	<i>92</i>	<i>10.4%</i>	<i>10,409</i>	<i>7.9%</i>	<i>164</i>	<i>18.6%</i>	<i>17,226</i>	<i>13.0%</i>
Middle	230	26.0%	31,760	24.0%	208	23.6%	25,046	19.0%
Upper	560	63.4%	89,943	68.1%	478	54.1%	83,534	63.2%
Unknown	1	0.1%	46	0.0%	33	3.7%	6,352	4.8%
<i>Total</i>	<i>883</i>	<i>100.0%</i>	<i>132,158</i>	<i>100.0%</i>	<i>883</i>	<i>100.0%</i>	<i>132,158</i>	<i>100.0%</i>

Table 15.

HOUSTON ASSESSMENT AREA	PEER GROUP 2004 HMDA LOAN DISTRIBUTION							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	2,973	1.7%	299,365	1.4%	8,168	4.5%	585,465	2.7%
Moderate	23,346	13.0%	2,003,723	9.4%	34,644	19.3%	3,031,039	14.2%
<i>Low/Moderate Total</i>	<i>26,319</i>	<i>14.7%</i>	<i>2,303,088</i>	<i>10.8%</i>	<i>42,812</i>	<i>23.8%</i>	<i>3,616,504</i>	<i>17.0%</i>
Middle	58,427	32.5%	5,861,253	27.5%	42,470	23.6%	4,350,882	20.4%
Upper	94,822	52.8%	13,127,741	61.6%	65,135	36.3%	10,273,986	48.2%
Unknown	36	0.0%	5,574	0.0%	29,187	16.3%	3,056,284	14.4%
<i>Total</i>	<i>179,604</i>	<i>100.0%</i>	<i>21,297,656</i>	<i>100.0%</i>	<i>179,604</i>	<i>100.0%</i>	<i>21,297,656</i>	<i>100.0%</i>
	Refinance							
Low	1,510	1.6%	119,421	1.1%	4,650	4.9%	289,281	2.5%
Moderate	15,450	16.4%	1,197,364	10.5%	14,382	15.3%	1,106,862	9.7%
<i>Low/Moderate Total</i>	<i>16,960</i>	<i>18.0%</i>	<i>1,316,785</i>	<i>11.6%</i>	<i>19,032</i>	<i>20.2%</i>	<i>1,396,143</i>	<i>12.3%</i>
Middle	30,799	32.7%	3,008,303	26.5%	19,246	20.4%	1,816,165	16.0%
Upper	46,500	49.3%	7,033,205	61.9%	37,070	39.3%	5,890,614	51.9%
Unknown	13	0.0%	2,127	0.0%	18,924	20.1%	2,257,498	19.9%
<i>Total</i>	<i>94,272</i>	<i>100.0%</i>	<i>11,360,420</i>	<i>100.0%</i>	<i>94,272</i>	<i>100.0%</i>	<i>11,360,420</i>	<i>100.0%</i>
	Home Improvement							
Low	227	2.5%	7,968	1.6%	774	8.4%	25,346	5.2%
Moderate	1,860	20.1%	80,191	16.4%	1,538	16.6%	63,165	12.9%
<i>Low/Moderate Total</i>	<i>2,087</i>	<i>22.5%</i>	<i>88,159</i>	<i>18.0%</i>	<i>2,312</i>	<i>25.0%</i>	<i>88,511</i>	<i>18.1%</i>
Middle	2,756	29.7%	136,046	27.8%	1,914	20.7%	88,589	18.1%
Upper	4,421	47.7%	264,754	54.1%	4,505	48.6%	283,134	57.9%
Unknown	0	0.0%	0	0.0%	533	5.8%	28,725	5.9%
<i>Total</i>	<i>9,264</i>	<i>100.0%</i>	<i>488,959</i>	<i>100.0%</i>	<i>9,264</i>	<i>100.0%</i>	<i>488,959</i>	<i>100.0%</i>
	Multi-Family							
Low	28	10.6%	56,543	6.6%	0	0.0%	0	0.0%
Moderate	111	41.9%	246,919	28.8%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>139</i>	<i>52.5%</i>	<i>303,462</i>	<i>35.4%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	69	26.0%	150,666	17.6%	0	0.0%	0	0.0%
Upper	57	21.5%	403,554	47.1%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	265	100.0%	857,682	100.0%
<i>Total</i>	<i>265</i>	<i>100.0%</i>	<i>857,682</i>	<i>100.0%</i>	<i>265</i>	<i>100.0%</i>	<i>857,682</i>	<i>100.0%</i>
	HMDA Totals							
Low	4,738	1.7%	483,297	1.4%	13,592	4.8%	900,092	2.6%
Moderate	40,767	14.4%	3,528,197	10.4%	50,564	17.8%	4,201,066	12.4%
<i>Low/Moderate Total</i>	<i>45,505</i>	<i>16.1%</i>	<i>4,011,494</i>	<i>11.8%</i>	<i>64,156</i>	<i>22.6%</i>	<i>5,101,158</i>	<i>15.0%</i>
Middle	92,051	32.5%	9,156,268	26.9%	63,630	22.5%	6,255,636	18.4%
Upper	145,800	51.4%	20,829,254	61.3%	106,710	37.7%	16,447,734	48.4%
Unknown	49	0.0%	7,701	0.0%	48,909	17.3%	6,200,189	18.2%
<i>Total</i>	<i>283,405</i>	<i>100.0%</i>	<i>34,004,717</i>	<i>100.0%</i>	<i>283,405</i>	<i>100.0%</i>	<i>34,004,717</i>	<i>100.0%</i>

Table 16.

HOUSTON ASSESSMENT AREA	TEXAS STATE BANK 2003 CRA LOAN DISTRIBUTION							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	7	3.2%	1,385	2.8%	0	0.0%	0	0.0%
Moderate	49	22.7%	13,628	27.9%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>56</i>	<i>25.9%</i>	<i>15,013</i>	<i>30.8%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	39	18.1%	9,745	20.0%	0	0.0%	0	0.0%
Upper	120	55.6%	23,985	49.2%	0	0.0%	0	0.0%
Unknown	1	0.5%	29	0.1%	0	0.0%	0	0.0%
<i>Total</i>	<i>216</i>	<i>100.0%</i>	<i>48,772</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
	By Revenue							
Total \$1 Million or Less	115	53.2%	18,965	38.9%	0	0.0%	0	0.0%
Over \$1 Million	99	45.8%	29,407	60.3%	0	0.0%	0	0.0%
Not Known	2	0.9%	400	0.8%	0	0.0%	0	0.0%
<i>Total</i>	<i>216</i>	<i>100.0%</i>	<i>48,772</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
	By Loan Size							
\$100,000 or less	119	55.1%	6,037	12.4%	0	0.0%	0	0.0%
\$100,001 - \$250,000	37	17.1%	6,766	13.9%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	60	27.8%	35,969	73.7%	0	0.0%	0	0.0%
<i>Total</i>	<i>216</i>	<i>100.0%</i>	<i>48,772</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>

Table 17.

HOUSTON ASSESSMENT AREA	TEXAS STATE BANK 2004 CRA LOAN DISTRIBUTION							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	17	5.8%	2,738	4.4%	0	0.0%	0	0.0%
Moderate	56	19.0%	16,190	26.0%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>73</i>	<i>24.7%</i>	<i>18,928</i>	<i>30.4%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	59	20.0%	12,649	20.3%	2	66.7%	80	40.0%
Upper	163	55.3%	30,747	49.3%	1	33.3%	120	60.0%
<i>Total</i>	<i>295</i>	<i>100.0%</i>	<i>62,324</i>	<i>100.0%</i>	<i>3</i>	<i>100.0%</i>	<i>200</i>	<i>100.0%</i>
	By Revenue							
Total \$1 Million or Less	178	60.3%	29,630	47.5%	2	66.7%	80	40.0%
Over \$1 Million	117	39.7%	32,694	52.5%	1	33.3%	120	60.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>295</i>	<i>100.0%</i>	<i>62,324</i>	<i>100.0%</i>	<i>3</i>	<i>100.0%</i>	<i>200</i>	<i>100.0%</i>
	By Loan Size							
\$100,000 or less	146	49.5%	7,012	11.3%	2	66.7%	80	40.0%
\$100,001 - \$250,000	79	26.8%	14,205	22.8%	1	33.3%	120	60.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	70	23.7%	41,107	66.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>295</i>	<i>100.0%</i>	<i>62,324</i>	<i>100.0%</i>	<i>3</i>	<i>100.0%</i>	<i>200</i>	<i>100.0%</i>

Table 18.

HOUSTON ASSESSMENT AREA	PEER GROUP 2004 CRA LOAN DISTRIBUTION							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	5,080	4.2%	193,496	4.4%	21	2.9%	2,031	7.6%
Moderate	27,633	22.8%	1,071,396	24.6%	123	16.8%	3,664	13.8%
<i>Low/Moderate Total</i>	<i>32,713</i>	<i>27.0%</i>	<i>1,264,892</i>	<i>29.0%</i>	<i>144</i>	<i>19.7%</i>	<i>5,695</i>	<i>21.4%</i>
Middle	31,608	26.1%	1,041,437	23.9%	270	37.0%	8,996	33.8%
Upper	52,084	43.1%	1,943,041	44.6%	285	39.0%	11,260	42.3%
Unknown	4,533	3.7%	108,731	2.5%	31	4.2%	657	2.5%
<i>Total</i>	<i>120,938</i>	<i>100.0%</i>	<i>4,358,101</i>	<i>100.0%</i>	<i>730</i>	<i>100.0%</i>	<i>26,608</i>	<i>100.0%</i>
	By Revenue							
Total \$1 Million or Less	46,664	38.6%	1,928,340	44.2%	620	84.9%	20,761	78.0%
	By Loan Size							
\$100,000 or Less	113,031	93.5%	1,610,090	36.9%	663	90.8%	11,022	41.4%
\$100,001 - \$250,000	4,099	3.4%	718,974	16.5%	44	6.0%	7,006	26.3%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	3,808	3.1%	2,029,037	46.6%	23	3.2%	8,580	32.2%
<i>Total</i>	<i>120,938</i>	<i>100.0%</i>	<i>4,358,101</i>	<i>100.0%</i>	<i>730</i>	<i>100.0%</i>	<i>26,608</i>	<i>100.0%</i>

Table 19.

BEAUMONT ASSESSMENT AREA	TEXAS STATE BANK 2004 HMDA LOAN DISTRIBUTION							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	1	0.5%	23	0.1%	10	4.7%	625	2.5%
Moderate	20	9.4%	971	3.9%	23	10.8%	1,550	6.3%
<i>Low/Moderate Total</i>	21	9.9%	994	4.0%	33	15.6%	2,175	8.8%
Middle	99	46.7%	9,608	39.0%	24	11.3%	1,740	7.1%
Upper	92	43.4%	14,044	57.0%	136	64.2%	18,284	74.2%
Unknown	0	0.0%	0	0.0%	19	9.0%	2,447	9.9%
<i>Total</i>	212	100.0%	24,646	100.0%	212	100.0%	24,646	100.0%
	Refinance							
Low	1	1.0%	176	1.5%	3	3.1%	70	0.6%
Moderate	5	5.1%	955	8.4%	13	13.3%	723	6.4%
<i>Low/Moderate Total</i>	6	6.1%	1,131	9.9%	16	16.3%	793	7.0%
Middle	52	53.1%	4,458	39.2%	18	18.4%	1,801	15.8%
Upper	40	40.8%	5,790	50.9%	60	61.2%	8,234	72.4%
Unknown	0	0.0%	0	0.0%	4	4.1%	551	4.8%
<i>Total</i>	98	100.0%	11,379	100.0%	98	100.0%	11,379	100.0%
	Home Improvement							
Low	2	1.3%	21	0.5%	19	12.8%	102	2.4%
Moderate	13	8.7%	514	12.1%	33	22.1%	246	5.8%
<i>Low/Moderate Total</i>	15	10.1%	535	12.6%	52	34.9%	348	8.2%
Middle	102	68.5%	1,650	38.9%	40	26.8%	788	18.6%
Upper	32	21.5%	2,061	48.5%	53	35.6%	3,048	71.8%
Unknown	0	0.0%	0	0.0%	4	2.7%	62	1.5%
<i>Total</i>	149	100.0%	4,246	100.0%	149	100.0%	4,246	100.0%
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	3	75.0%	520	22.0%	0	0.0%	0	0.0%
Upper	1	25.0%	1,839	78.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	4	100.0%	2,359	100.0%
<i>Total</i>	4	100.0%	2,359	100.0%	4	100.0%	2,359	100.0%
	HMDA Totals							
Low	4	0.9%	220	0.5%	32	6.9%	797	1.9%
Moderate	38	8.2%	2,440	5.7%	69	14.9%	2,519	5.9%
<i>Low/Moderate Total</i>	42	9.1%	2,660	6.2%	101	21.8%	3,316	7.8%
Middle	256	55.3%	16,236	38.1%	82	17.7%	4,329	10.2%
Upper	165	35.6%	23,734	55.7%	249	53.8%	29,566	69.4%
Unknown	0	0.0%	0	0.0%	31	6.7%	5,419	12.7%
<i>Total</i>	463	100.0%	42,630	100.0%	463	100.0%	42,630	100.0%

Table 20.

BEAUMONT ASSESSMENT AREA	PEER GROUP 2004 HMDA LOAN DISTRIBUTION							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	39	0.5%	2,328	0.4%	404	5.4%	19,838	3.1%
Moderate	536	7.2%	31,939	5.0%	1,270	17.1%	80,803	12.7%
<i>Low/Moderate Total</i>	<i>575</i>	<i>7.7%</i>	<i>34,267</i>	<i>5.4%</i>	<i>1,674</i>	<i>22.5%</i>	<i>100,641</i>	<i>15.8%</i>
Middle	4,150	55.7%	325,521	51.0%	1,605	21.5%	124,224	19.5%
Upper	2,723	36.6%	278,460	43.6%	3,065	41.2%	348,539	54.6%
Unknown	0	0.0%	0	0.0%	1,104	14.8%	64,844	10.2%
<i>Total</i>	<i>7,448</i>	<i>100.0%</i>	<i>638,248</i>	<i>100.0%</i>	<i>7,448</i>	<i>100.0%</i>	<i>638,248</i>	<i>100.0%</i>
	Refinance							
Low	44	0.9%	2,414	0.6%	230	4.8%	9,625	2.2%
Moderate	453	9.4%	26,513	6.2%	558	11.6%	32,278	7.5%
<i>Low/Moderate Total</i>	<i>497</i>	<i>10.3%</i>	<i>28,927</i>	<i>6.7%</i>	<i>788</i>	<i>16.4%</i>	<i>41,903</i>	<i>9.8%</i>
Middle	2,577	53.6%	215,720	50.3%	979	20.4%	69,163	16.1%
Upper	1,733	36.0%	184,162	42.9%	2,295	47.7%	252,885	59.0%
Unknown	1	0.0%	60	0.0%	746	15.5%	64,918	15.1%
<i>Total</i>	<i>4,808</i>	<i>100.0%</i>	<i>428,869</i>	<i>100.0%</i>	<i>4,808</i>	<i>100.0%</i>	<i>428,869</i>	<i>100.0%</i>
	Home Improvement							
Low	25	2.3%	589	1.4%	106	9.5%	1,695	4.1%
Moderate	154	13.9%	4,101	9.9%	229	20.6%	5,697	13.8%
<i>Low/Moderate Total</i>	<i>179</i>	<i>16.1%</i>	<i>4,690</i>	<i>11.3%</i>	<i>335</i>	<i>30.2%</i>	<i>7,392</i>	<i>17.9%</i>
Middle	594	53.5%	19,068	46.1%	252	22.7%	8,805	21.3%
Upper	337	30.4%	17,573	42.5%	507	45.7%	24,620	59.6%
Unknown	0	0.0%	0	0.0%	16	1.4%	514	1.2%
<i>Total</i>	<i>1,110</i>	<i>100.0%</i>	<i>41,331</i>	<i>100.0%</i>	<i>1,110</i>	<i>100.0%</i>	<i>41,331</i>	<i>100.0%</i>
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	3	16.7%	6,030	38.6%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>3</i>	<i>16.7%</i>	<i>6,030</i>	<i>38.6%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	10	55.6%	1,938	12.4%	0	0.0%	0	0.0%
Upper	5	27.8%	7,647	49.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	18	100.0%	15,615	100.0%
<i>Total</i>	<i>18</i>	<i>100.0%</i>	<i>15,615</i>	<i>100.0%</i>	<i>18</i>	<i>100.0%</i>	<i>15,615</i>	<i>100.0%</i>
	HMDA Totals							
Low	108	0.8%	5,331	0.5%	740	5.5%	31,158	2.8%
Moderate	1,146	8.6%	68,583	6.1%	2,057	15.4%	118,778	10.6%
<i>Low/Moderate Total</i>	<i>1,254</i>	<i>9.4%</i>	<i>73,914</i>	<i>6.6%</i>	<i>2,797</i>	<i>20.9%</i>	<i>149,936</i>	<i>13.3%</i>
Middle	7,331	54.8%	562,247	50.0%	2,836	21.2%	202,192	18.0%
Upper	4,798	35.8%	487,842	43.4%	5,867	43.8%	626,044	55.7%
Unknown	1	0.0%	60	0.0%	1,884	14.1%	145,891	13.0%
<i>Total</i>	<i>13,384</i>	<i>100.0%</i>	<i>1,124,063</i>	<i>100.0%</i>	<i>13,384</i>	<i>100.0%</i>	<i>1,124,063</i>	<i>100.0%</i>

Table 21.

BEAUMONT ASSESSMENT AREA	TEXAS STATE BANK 2004 CRA LOAN DISTRIBUTION							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	10	0.9%	1,392	1.9%	0	0.0%	0	0.0%
Moderate	191	16.8%	16,475	22.3%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>201</i>	<i>17.7%</i>	<i>17,867</i>	<i>24.2%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	545	48.0%	26,660	36.1%	8	61.5%	234	40.4%
Upper	390	34.3%	29,347	39.7%	5	38.5%	345	59.6%
<i>Total</i>	<i>1,136</i>	<i>100.0%</i>	<i>73,874</i>	<i>100.0%</i>	<i>13</i>	<i>100.0%</i>	<i>579</i>	<i>100.0%</i>
	By Revenue							
Total \$1 Million or Less	821	72.3%	42,264	57.2%	13	100.0%	579	100.0%
Over \$1 Million	315	27.7%	31,610	42.8%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>1,136</i>	<i>100.0%</i>	<i>73,874</i>	<i>100.0%</i>	<i>13</i>	<i>100.0%</i>	<i>579</i>	<i>100.0%</i>
	By Loan Size							
\$100,000 or less	950	83.6%	27,618	37.4%	12	92.3%	379	65.5%
\$100,001 - \$250,000	132	11.6%	21,069	28.5%	1	7.7%	200	34.5%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	54	4.8%	25,187	34.1%	0	0.0%	0	0.0%
<i>Total</i>	<i>1,136</i>	<i>100.0%</i>	<i>73,874</i>	<i>100.0%</i>	<i>13</i>	<i>100.0%</i>	<i>579</i>	<i>100.0%</i>

Table 22.

BEAUMONT ASSESSMENT AREA	PEER GROUP 2004 CRA LOAN DISTRIBUTION							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	118	1.5%	3,380	1.3%	0	0.0%	0	0.0%
Moderate	1,408	17.4%	63,902	23.8%	6	4.5%	122	1.9%
<i>Low/Moderate Total</i>	<i>1,526</i>	<i>18.8%</i>	<i>67,282</i>	<i>25.1%</i>	<i>6</i>	<i>4.5%</i>	<i>122</i>	<i>1.9%</i>
Middle	3,793	46.7%	112,176	41.8%	69	52.3%	3,700	58.9%
Upper	2,373	29.2%	84,436	31.5%	55	41.7%	2,408	38.3%
Unknown	423	5.2%	4,451	1.7%	2	1.5%	55	0.9%
<i>Total</i>	<i>8,115</i>	<i>100.0%</i>	<i>268,345</i>	<i>100.0%</i>	<i>132</i>	<i>100.0%</i>	<i>6,285</i>	<i>100.0%</i>
	By Revenue							
Total \$1 Million or Less	3,374	41.6%	143,183	53.4%	124	93.9%	5,782	92.0%
	By Loan Size							
\$100,000 or Less	7,579	93.4%	107,218	40.0%	116	87.9%	3,522	56.0%
\$100,001 - \$250,000	326	4.0%	55,232	20.6%	15	11.4%	2,450	39.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	210	2.6%	105,895	39.5%	1	0.8%	313	5.0%
<i>Total</i>	<i>8,115</i>	<i>100.0%</i>	<i>268,345</i>	<i>100.0%</i>	<i>132</i>	<i>100.0%</i>	<i>6,285</i>	<i>100.0%</i>

Table 23.

CORPUS CHRISTI ASSESSMENT AREA	TEXAS STATE BANK 2003 HMDA & CRA LOAN DISTRIBUTION							
	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Low	0	0.0%	0	0.0%	3	13.6%	19	2.1%
Moderate	1	4.5%	15	1.7%	6	27.3%	73	8.1%
<i>Low/Moderate Total</i>	<i>1</i>	<i>4.5%</i>	<i>15</i>	<i>1.7%</i>	<i>9</i>	<i>40.9%</i>	<i>92</i>	<i>10.2%</i>
Middle	18	81.8%	557	62.0%	1	4.5%	2	0.2%
Upper	3	13.6%	326	36.3%	12	54.5%	804	89.5%
<i>Total</i>	<i>22</i>	<i>100.0%</i>	<i>898</i>	<i>100.0%</i>	<i>22</i>	<i>100.0%</i>	<i>898</i>	<i>100.0%</i>
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	8	16.7%	890	16.7%	0	0.0%	0	0.0%
Moderate	14	29.2%	2,537	47.5%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>22</i>	<i>45.8%</i>	<i>3,427</i>	<i>64.1%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	20	41.7%	1,709	32.0%	4	80.0%	285	96.3%
Upper	6	12.5%	208	3.9%	1	20.0%	11	3.7%
<i>Total</i>	<i>48</i>	<i>100.0%</i>	<i>5,344</i>	<i>100.0%</i>	<i>5</i>	<i>100.0%</i>	<i>296</i>	<i>100.0%</i>
	By Revenue							
Total \$1 Million or Less	44	91.7%	4,636	86.8%	3	60.0%	221	74.7%
Over \$1 Million	4	8.3%	708	13.2%	1	20.0%	25	8.4%
Not Known	0	0.0%	0	0.0%	1	20.0%	50	16.9%
<i>Total</i>	<i>48</i>	<i>100.0%</i>	<i>5,344</i>	<i>100.0%</i>	<i>5</i>	<i>100.0%</i>	<i>296</i>	<i>100.0%</i>
	By Loan Size							
\$100,000 or less	29	60.4%	801	15.0%	4	80.0%	134	45.3%
\$100,001 - \$250,000	14	29.2%	2,140	40.0%	1	20.0%	162	54.7%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	5	10.4%	2,403	45.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>48</i>	<i>100.0%</i>	<i>5,344</i>	<i>100.0%</i>	<i>5</i>	<i>100.0%</i>	<i>296</i>	<i>100.0%</i>

Table 24.

CORPUS CHRISTI ASSESSMENT AREA	TEXAS STATE BANK 2004 HMDA & CRA LOAN DISTRIBUTION								
	HMDA								
	By Tract Income				By Borrower Income				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
Low	4	2.8%	188	1.5%	21	14.5%	1,044	8.4%	
Moderate	38	26.2%	2,063	16.6%	47	32.4%	3,095	24.9%	
<i>Low/Moderate Total</i>	<i>42</i>	<i>29.0%</i>	<i>2,251</i>	<i>18.1%</i>	<i>68</i>	<i>46.9%</i>	<i>4,139</i>	<i>33.3%</i>	
Middle	54	37.2%	4,938	39.7%	33	22.8%	3,787	30.5%	
Upper	49	33.8%	5,246	42.2%	43	29.7%	4,429	35.6%	
Unknown	0	0.0%	0	0.0%	1	0.7%	80	0.6%	
<i>Total</i>	<i>145</i>	<i>100.0%</i>	<i>12,435</i>	<i>100.0%</i>	<i>145</i>	<i>100.0%</i>	<i>12,435</i>	<i>100.0%</i>	
	SMALL BUSINESS				SMALL FARM				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
	By Tract Income								
	Low	10	11.1%	1,029	11.2%	0	0.0%	0	0.0%
	Moderate	28	31.1%	5,341	58.1%	6	50.0%	1,154	55.3%
	<i>Low/Moderate Total</i>	<i>38</i>	<i>42.2%</i>	<i>6,370</i>	<i>69.3%</i>	<i>6</i>	<i>50.0%</i>	<i>1,154</i>	<i>55.3%</i>
	Middle	45	50.0%	2,570	28.0%	4	33.3%	372	17.8%
	Upper	7	7.8%	252	2.7%	2	16.7%	560	26.8%
	<i>Total</i>	<i>90</i>	<i>100.0%</i>	<i>9,192</i>	<i>100.0%</i>	<i>12</i>	<i>100.0%</i>	<i>2,086</i>	<i>100.0%</i>
	By Revenue								
Total \$1 Million or Less	72	80.0%	3,533	38.4%	12	100.0%	2,086	100.0%	
Over \$1 Million	17	18.9%	5,647	61.4%	0	0.0%	0	0.0%	
Not Known	1	1.1%	12	0.1%	0	0.0%	0	0.0%	
<i>Total</i>	<i>90</i>	<i>100.0%</i>	<i>9,192</i>	<i>100.0%</i>	<i>12</i>	<i>100.0%</i>	<i>2,086</i>	<i>100.0%</i>	
By Loan Size									
\$100,000 or less	67	74.4%	2,055	22.4%	6	50.0%	304	14.6%	
\$100,001 - \$250,000	14	15.6%	2,528	27.5%	3	25.0%	570	27.3%	
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	9	10.0%	4,609	50.1%	3	25.0%	1,212	58.1%	
<i>Total</i>	<i>90</i>	<i>100.0%</i>	<i>9,192</i>	<i>100.0%</i>	<i>12</i>	<i>100.0%</i>	<i>2,086</i>	<i>100.0%</i>	

Table 25.

CORPUS CHRISTI ASSESSMENT AREA	PEER GROUP 2004 HMDA & CRA LOAN DISTRIBUTION								
	HMDA								
	By Tract Income				By Borrower Income				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
Low	230	1.4%	14,956	0.9%	656	4.1%	33,427	2.1%	
Moderate	2,020	12.5%	129,995	8.0%	1,843	11.4%	117,920	7.3%	
<i>Low/Moderate Total</i>	<i>2,250</i>	<i>13.9%</i>	<i>144,951</i>	<i>9.0%</i>	<i>2,499</i>	<i>15.5%</i>	<i>151,347</i>	<i>9.4%</i>	
Middle	5,385	33.4%	502,973	31.1%	3,142	19.5%	258,888	16.0%	
Upper	8,509	52.7%	969,760	59.9%	7,357	45.6%	884,593	54.7%	
Unknown	0	0.0%	0	0.0%	3,146	19.5%	322,856	20.0%	
<i>Total</i>	<i>16,144</i>	<i>100.0%</i>	<i>1,617,684</i>	<i>100.0%</i>	<i>16,144</i>	<i>100.0%</i>	<i>1,617,684</i>	<i>100.0%</i>	
	SMALL BUSINESS				SMALL FARM				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
	By Tract Income								
	Low	1,046	12.3%	62,568	20.9%	9	7.2%	1,060	9.4%
	Moderate	1,923	22.5%	93,858	31.3%	21	16.8%	1,762	15.6%
	<i>Low/Moderate Total</i>	<i>2,969</i>	<i>34.8%</i>	<i>156,426</i>	<i>52.2%</i>	<i>30</i>	<i>24.0%</i>	<i>2,822</i>	<i>24.9%</i>
	Middle	2,812	32.9%	86,644	28.9%	43	34.4%	3,644	32.2%
	Upper	2,346	27.5%	53,501	17.8%	46	36.8%	4,713	41.6%
	Unknown	408	4.8%	3,155	1.1%	6	4.8%	152	1.3%
	<i>Total</i>	<i>8,535</i>	<i>100.0%</i>	<i>299,726</i>	<i>100.0%</i>	<i>125</i>	<i>100.0%</i>	<i>11,331</i>	<i>100.0%</i>
By Revenue									
Total \$1 Million or Less	3,119	36.5%	127,807	42.6%	90	72.0%	8,660	76.4%	
By Loan Size									
\$100,000 or Less	7,896	92.5%	99,512	33.2%	88	70.4%	2,158	19.0%	
\$100,001 - \$250,000	377	4.4%	63,899	21.3%	23	18.4%	4,024	35.5%	
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	262	3.1%	136,315	45.5%	14	11.2%	5,149	45.4%	
<i>Total</i>	<i>8,535</i>	<i>100.0%</i>	<i>299,726</i>	<i>100.0%</i>	<i>125</i>	<i>100.0%</i>	<i>11,331</i>	<i>100.0%</i>	

Table 26.

TYLER ASSESSMENT AREA	TEXAS STATE BANK 2004 HMDA & CRA LOAN DISTRIBUTION								
	HMDA								
	By Tract Income				By Borrower Income				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
Low	2	6.9%	57	1.5%	1	3.4%	15	0.4%	
Moderate	2	6.9%	70	1.9%	0	0.0%	0	0.0%	
<i>Low/Moderate Total</i>	<i>4</i>	<i>13.8%</i>	<i>127</i>	<i>3.4%</i>	<i>1</i>	<i>3.4%</i>	<i>15</i>	<i>0.4%</i>	
Middle	12	41.4%	1,296	34.3%	1	3.4%	125	3.3%	
Upper	13	44.8%	2,353	62.3%	27	93.1%	3,636	96.3%	
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
<i>Total</i>	<i>29</i>	<i>100.0%</i>	<i>3,776</i>	<i>100.0%</i>	<i>29</i>	<i>100.0%</i>	<i>3,776</i>	<i>100.0%</i>	
	SMALL BUSINESS				SMALL FARM				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
	By Tract Income								
	Low	1	5.3%	25	0.8%	0	0.0%	0	0.0%
	Moderate	8	42.1%	1,371	46.2%	0	0.0%	0	0.0%
	<i>Low/Moderate Total</i>	<i>9</i>	<i>47.4%</i>	<i>1,396</i>	<i>47.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
	Middle	3	15.8%	102	3.4%	0	0.0%	0	0.0%
	Upper	7	36.8%	1,470	49.5%	0	0.0%	0	0.0%
	Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<i>Total</i>	<i>19</i>	<i>100.0%</i>	<i>2,968</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
	By Revenue								
	Total \$1 Million or Less	15	78.9%	1,843	62.1%	0	0.0%	0	0.0%
	Over \$1 Million	4	21.1%	1,125	37.9%	0	0.0%	0	0.0%
	Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<i>Total</i>	<i>19</i>	<i>100.0%</i>	<i>2,968</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
By Loan Size									
\$100,000 or less	10	52.6%	468	15.8%	0	0.0%	0	0.0%	
\$100,001 - \$250,000	6	31.6%	1,200	40.4%	0	0.0%	0	0.0%	
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	3	15.8%	1,300	43.8%	0	0.0%	0	0.0%	
<i>Total</i>	<i>19</i>	<i>100.0%</i>	<i>2,968</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	

Table 27.

TYLER ASSESSMENT AREA	PEER GROUP 2004 HMDA & CRA LOAN DISTRIBUTION							
	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Low	81	0.8%	3,765	0.4%	493	5.0%	25,342	2.5%
Moderate	1,092	11.0%	74,132	7.2%	1,437	14.5%	104,233	10.1%
<i>Low/Moderate Total</i>	<i>1,173</i>	<i>11.8%</i>	<i>77,897</i>	<i>7.6%</i>	<i>1,930</i>	<i>19.5%</i>	<i>129,575</i>	<i>12.6%</i>
Middle	5,622	56.7%	561,291	54.6%	1,901	19.2%	166,733	16.2%
Upper	3,114	31.4%	388,349	37.8%	4,339	43.8%	566,866	55.2%
Unknown	0	0.0%	0	0.0%	1,739	17.5%	164,363	16.0%
<i>Total</i>	<i>9,909</i>	<i>100.0%</i>	<i>1,027,537</i>	<i>100.0%</i>	<i>9,909</i>	<i>100.0%</i>	<i>1,027,537</i>	<i>100.0%</i>
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	247	4.0%	11,553	4.4%	0	0.0%	0	0.0%
Moderate	1,250	20.1%	64,534	24.6%	8	4.8%	596	11.8%
<i>Low/Moderate Total</i>	<i>1,497</i>	<i>24.1%</i>	<i>76,087</i>	<i>29.1%</i>	<i>8</i>	<i>4.8%</i>	<i>596</i>	<i>11.8%</i>
Middle	2,389	38.4%	88,672	33.9%	134	79.8%	3,917	77.4%
Upper	2,021	32.5%	94,706	36.2%	17	10.1%	469	9.3%
Unknown	307	4.9%	2,440	0.9%	9	5.4%	78	1.5%
<i>Total</i>	<i>6,214</i>	<i>100.0%</i>	<i>261,905</i>	<i>100.0%</i>	<i>168</i>	<i>100.0%</i>	<i>5,060</i>	<i>100.0%</i>
Total \$1 Million or Less	2,524	40.6%	142,047	54.2%	148	88.1%	4,015	79.3%
	By Revenue							
\$100,000 or Less	5,641	90.8%	82,430	31.5%	159	94.6%	3,284	64.9%
\$100,001 - \$250,000	333	5.4%	59,250	22.6%	7	4.2%	1,261	24.9%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	240	3.9%	120,225	45.9%	2	1.2%	515	10.2%
<i>Total</i>	<i>6,214</i>	<i>100.0%</i>	<i>261,905</i>	<i>100.0%</i>	<i>168</i>	<i>100.0%</i>	<i>5,060</i>	<i>100.0%</i>
	By Loan Size							

Table 28.

NON-METROPOLITAN ASSESSMENT AREA	TEXAS STATE BANK 2003 HMDA & CRA LOAN DISTRIBUTION								
	HMDA								
	By Tract Income				By Borrower Income				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
Low	13	14.4%	313	9.6%	14	15.6%	153	4.7%	
Moderate	67	74.4%	2,554	78.2%	20	22.2%	401	12.3%	
<i>Low/Moderate Total</i>	80	88.9%	2,867	87.8%	34	37.8%	554	17.0%	
Middle	10	11.1%	399	12.2%	16	17.8%	718	22.0%	
Upper	0	0.0%	0	0.0%	31	34.4%	1,845	56.5%	
Unknown	0	0.0%	0	0.0%	9	10.0%	149	4.6%	
<i>Total</i>	90	100.0%	3,266	100.0%	90	100.0%	3,266	100.0%	
	SMALL BUSINESS				SMALL FARM				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
	By Tract Income								
	Low	59	20.3%	2,115	13.6%	13	11.0%	733	6.1%
	Moderate	219	75.5%	12,322	79.5%	105	89.0%	11,262	93.9%
	<i>Low/Moderate Total</i>	278	95.9%	14,437	93.1%	118	100.0%	11,995	100.0%
	Middle	12	4.1%	1,062	6.9%	0	0.0%	0	0.0%
	Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<i>Total</i>	290	100.0%	15,499	100.0%	118	100.0%	11,995	100.0%
	By Revenue								
	Total \$1 Million or Less	264	91.0%	12,206	78.8%	103	87.3%	9,072	75.6%
	Over \$1 Million	26	9.0%	3,293	21.2%	15	12.7%	2,923	24.4%
	Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<i>Total</i>	290	100.0%	15,499	100.0%	118	100.0%	11,995	100.0%
By Loan Size									
\$100,000 or less	253	87.2%	6,066	39.1%	80	67.8%	2,878	24.0%	
\$100,001 - \$250,000	23	7.9%	3,847	24.8%	26	22.0%	4,562	38.0%	
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	14	4.8%	5,586	36.0%	12	10.2%	4,555	38.0%	
<i>Total</i>	290	100.0%	15,499	100.0%	118	100.0%	11,995	100.0%	

Table 29.

NON-METROPOLITAN ASSESSMENT AREA	TEXAS STATE BANK 2004 HMDA & CRA LOAN DISTRIBUTION								
	HMDA								
	By Tract Income				By Borrower Income				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
Low	17	6.9%	458	4.8%	51	20.6%	555	5.8%	
Moderate	115	46.4%	5,171	54.3%	52	21.0%	951	10.0%	
<i>Low/Moderate Total</i>	<i>132</i>	<i>53.2%</i>	<i>5,629</i>	<i>59.1%</i>	<i>103</i>	<i>41.5%</i>	<i>1,506</i>	<i>15.8%</i>	
Middle	116	46.8%	3,901	40.9%	58	23.4%	1,772	18.6%	
Upper	0	0.0%	0	0.0%	75	30.2%	5,231	54.9%	
Unknown	0	0.0%	0	0.0%	12	4.8%	1,021	10.7%	
<i>Total</i>	<i>248</i>	<i>100.0%</i>	<i>9,530</i>	<i>100.0%</i>	<i>248</i>	<i>100.0%</i>	<i>9,530</i>	<i>100.0%</i>	
	SMALL BUSINESS				SMALL FARM				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
	By Tract Income								
	Low	51	11.3%	2,057	11.2%	10	7.2%	370	4.7%
	Moderate	248	54.7%	11,841	64.6%	89	64.0%	7,031	89.7%
	<i>Low/Moderate Total</i>	<i>299</i>	<i>66.0%</i>	<i>13,898</i>	<i>75.9%</i>	<i>99</i>	<i>71.2%</i>	<i>7,401</i>	<i>94.5%</i>
	Middle	154	34.0%	4,418	24.1%	40	28.8%	433	5.5%
	Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<i>Total</i>	<i>453</i>	<i>100.0%</i>	<i>18,316</i>	<i>100.0%</i>	<i>139</i>	<i>100.0%</i>	<i>7,834</i>	<i>100.0%</i>
	By Revenue								
	Total \$1 Million or Less	408	90.1%	13,471	73.5%	131	94.2%	6,435	82.1%
	Over \$1 Million	45	9.9%	4,845	26.5%	8	5.8%	1,399	17.9%
	Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<i>Total</i>	<i>453</i>	<i>100.0%</i>	<i>18,316</i>	<i>100.0%</i>	<i>139</i>	<i>100.0%</i>	<i>7,834</i>	<i>100.0%</i>
By Loan Size									
\$100,000 or less	408	90.1%	9,014	49.2%	115	82.7%	2,549	32.5%	
\$100,001 - \$250,000	34	7.5%	5,413	29.6%	15	10.8%	2,457	31.4%	
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	11	2.4%	3,889	21.2%	9	6.5%	2,828	36.1%	
<i>Total</i>	<i>453</i>	<i>100.0%</i>	<i>18,316</i>	<i>100.0%</i>	<i>139</i>	<i>100.0%</i>	<i>7,834</i>	<i>100.0%</i>	

Table 30.

NON-METROPOLITAN ASSESSMENT AREA	PEER GROUP 2004 HMDA & CRA LOAN DISTRIBUTION								
	HMDA								
	By Tract Income				By Borrower Income				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
Low	321	7.5%	22,087	7.6%	269	6.2%	7,752	2.7%	
Moderate	1,417	32.9%	90,859	31.2%	597	13.9%	28,059	9.6%	
<i>Low/Moderate Total</i>	<i>1,738</i>	<i>40.4%</i>	<i>112,946</i>	<i>38.8%</i>	<i>866</i>	<i>20.1%</i>	<i>35,811</i>	<i>12.3%</i>	
Middle	2,568	59.6%	178,466	61.2%	958	22.2%	59,492	20.4%	
Upper	0	0.0%	0	0.0%	1,731	40.2%	148,620	51.0%	
Unknown	0	0.0%	0	0.0%	751	17.4%	47,489	16.3%	
<i>Total</i>	<i>4,306</i>	<i>100.0%</i>	<i>291,412</i>	<i>100.0%</i>	<i>4,306</i>	<i>100.0%</i>	<i>291,412</i>	<i>100.0%</i>	
	SMALL BUSINESS				SMALL FARM				
	#	%	\$(000s)	%	#	%	\$(000s)	%	
	By Tract Income								
	Low	245	7.2%	6,703	8.5%	23	7.4%	1,779	13.5%
	Moderate	1,368	40.4%	41,610	52.7%	136	44.0%	9,017	68.6%
	<i>Low/Moderate Total</i>	<i>1,613</i>	<i>47.7%</i>	<i>48,313</i>	<i>61.2%</i>	<i>159</i>	<i>51.5%</i>	<i>10,796</i>	<i>82.2%</i>
	Middle	1,453	43.0%	28,182	35.7%	140	45.3%	2,256	17.2%
	Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Unknown	316	9.3%	2,395	3.0%	10	3.2%	88	0.7%
	<i>Total</i>	<i>3,382</i>	<i>100.0%</i>	<i>78,890</i>	<i>100.0%</i>	<i>309</i>	<i>100.0%</i>	<i>13,140</i>	<i>100.0%</i>
By Revenue									
Total \$1 Million or Less	1,696	50.1%	55,234	70.0%	284	91.9%	11,032	84.0%	
By Loan Size									
\$100,000 or Less	3,217	95.1%	39,604	50.2%	275	89.0%	5,332	40.6%	
\$100,001 - \$250,000	112	3.3%	18,108	23.0%	21	6.8%	3,480	26.5%	
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	53	1.6%	21,178	26.8%	13	4.2%	4,328	32.9%	
<i>Total</i>	<i>3,382</i>	<i>100.0%</i>	<i>78,890</i>	<i>100.0%</i>	<i>309</i>	<i>100.0%</i>	<i>13,140</i>	<i>100.0%</i>	

APPENDIX C
LIMITED-SCOPE ASSESSMENT AREAS
MARKET PROFILES

Portion of Corpus Christi, Texas MSA 18580

The Corpus Christi assessment area consists of Nueces County, one of the three counties that comprise the Corpus Christi, Texas MSA. The assessment area is located in the Coastal Bend region on the Gulf of Mexico approximately 150 miles southeast of San Antonio, Texas. The 2004 estimated population of the county is 317,513. Corpus Christi is the county seat and largest city in Nueces County with 277,454 residents; other municipalities include Port Aransas, Robstown, and Bishop. TSB operates two retail branches in the assessment area, one in Corpus Christi and the other in Bishop. As of June 30, 2004 the two branches accounted for 1.0%, or \$47.8 million, of TSB's deposit base and less than 2% of the county's total market deposits.

Corpus Christi is a tourism area with attractions such as the Padre Island National Seashore, King Ranch and numerous museums and historical districts. The area is experiencing economic revitalization, with \$4.7 billion in new public and private investments including expansion of refineries, proposed liquefied natural gas terminals, expansion of the city's convention center and construction of a connecting 10,500-seat multipurpose arena. Retail trade, services, and health care are the dominant industries with major employers including the Naval Air Station, Christus Spohn Health System, Corpus Christi Army Depot and H.E.B. Grocery Co. Area unemployment decreased slightly from 6.6% in 2003 to 6.2% in 2004.

**EXHIBIT 10
ASSESSMENT AREA DEMOGRAPHICS
CORPUS CHRISTI, TEXAS MSA**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	8	12.5	5,620	7.0	2,441	43.4	18,152	22.7
Moderate-income	15	23.4	20,619	25.8	5,069	24.6	13,267	16.6
Middle-income	23	35.9	28,575	35.7	2,851	10.0	15,523	19.4
Upper-income	18	28.1	25,229	31.5	1,410	5.6	33,101	41.4
Total Area	64	100.0	80,043	100.0	11,771	14.7	80,043	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	8,667	3,165	4.7	36.5	4,574	52.8	928	10.7
Moderate-income	30,214	16,918	25.0	56.0	10,543	34.9	2,753	9.1
Middle-income	47,223	24,241	35.8	51.3	17,028	36.1	5,954	12.6
Upper-income	36,937	23,363	34.5	63.3	10,533	28.5	3,041	8.2
Total Area	123,041	67,687	100.0	55.0	42,678	34.7	12,676	10.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
				Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported
	#	%	#	%	#	%	#	%
Low-income	1,547	13.6	1,286	12.7	188	21.2	73	18.9
Moderate-income	2,780	24.4	2,377	23.5	303	34.2	100	25.8
Middle-income	4,035	35.4	3,648	36.1	253	28.5	134	34.6
Upper-income	3,030	26.6	2,807	27.7	143	16.1	80	20.7
Total Area	11,392	100.0	10,118	100.0	887	100.0	387	100.0
	Percentage of Total Businesses:			88.8		7.8		3.4

Tyler, Texas MSA 46340

The Tyler assessment area consists of the Tyler MSA, which is comprised solely of Smith County, Texas. The assessment area is located halfway between Dallas and Shreveport, LA in the heart of east Texas and has an estimated population of 186,414 as of 2004. Tyler is the county seat and largest city in Smith County with an estimated population of 89,552. Other municipalities in the Tyler MSA are Whitehouse and Lindale. As of June 30, 2004 TSB operated one retail branch in the city of Tyler which accounted for less than one percent of TSB's deposit base and only 1.1% of the deposits in the Tyler MSA.

Tyler is considered the manufacturing, health care, educational, and retail center of east Texas. After the discovery of the East Texas Oilfield in the 1930's, Tyler became an important regional center for the oil and gas industry. The area also attracts many tourists to the annual Texas Rose Festival held every spring. Major employers are the East Texas Medical Center and Trinity-Mother Frances Hospital, Brookshire Grocery Company, the Tyler Independent School District, and The Trane Company. The area enjoys a low unemployment rate, dropping to 4.3% in 2004 from 4.9% the prior year.

**EXHIBIT 11
ASSESSMENT AREA DEMOGRAPHICS
TYLER, TEXAS MSA**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	5.6	1,200	2.5	353	29.4	9,604	20.3
Moderate-income	10	27.8	10,000	21.2	1,973	19.7	8,706	18.4
Middle-income	15	41.7	24,694	52.3	2,052	8.3	9,783	20.7
Upper-income	9	25.0	11,331	24.0	437	3.9	19,132	40.5
Total Area	36	100.0	47,225	100.0	4,815	10.2	47,225	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	2,143	956	2.1	44.6	924	43.1	263	12.3
Moderate-income	16,038	7,869	17.2	49.1	6,679	41.6	1,490	9.3
Middle-income	36,227	25,443	55.6	70.2	7,581	20.9	3,203	8.8
Upper-income	17,293	11,509	25.1	66.6	4,731	27.4	1,053	6.1
Total Area	71,701	45,777	100.0	63.8	19,915	27.8	6,009	8.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	343	4.2	291	4.0	37	5.5	15	5.0
Moderate-income	2,267	27.4	1,967	27.0	220	33.0	80	26.8
Middle-income	3,385	41.0	3,036	41.6	225	33.7	124	41.6
Upper-income	2,265	27.4	2,001	27.4	185	27.7	79	26.5
Total Area	8,260	100.0	7,295	100.0	667	100.0	298	100.0
	Percentage of Total Businesses:			88.3		8.1		3.6

Non-Metropolitan Area

In 2003, TSB’s non-metropolitan assessment area consisted of Starr and Willacy counties in the Rio Grande Valley, and Maverick County in the Middle Rio Grande region. In addition, Kleberg County, on the southern border of the Corpus Christi MSA, is included in the bank’s non-metropolitan AA due to its proximity to the bank’s Bishop branch. With the 2004 acquisition of Community Bank & Trust, the bank’s non-metropolitan area expanded to include the east Texas counties of Jasper, Newton, San Augustine, and Tyler, just north of the Beaumont-Port Arthur MSA. The 2004 estimated total population of the non-metropolitan area is 241,539, which includes 161,856 in south Texas and 79,683 in east Texas. As of June 30, 2004, TSB operated 12 retail branches in non-metropolitan counties, accounting for less than eight percent of TSB’s deposit base. The following table depicts selected demographics by county. As noted, the south Texas rural area suffers from high unemployment rates and includes some of the poorest counties in the nation.

EXHIBIT 12					
NON-METROPOLITAN ASSESSMENT AREA					
County	TSB Branches	County Seat	Population	Unemployment Rate - 2004	Poverty Level
South Texas:					
Kleberg	0	Kingsville	31,357	5.7%	26.7%
Maverick	1	Eagle Pass	50,436	18.7%	34.8%
Starr	2	Rio Grande City	59,832	17.0%	50.9%
Willacy	1	Raymondville	20,231	15.2%	33.2%
East Texas:					
Jasper	4	Jasper	35,609	10.9%	18.1%
Newton	0	Newton	14,345	12.9%	19.1%
San Augustine	2	San Augustine	8,923	7.0%	21.2%
Tyler	2	Woodville	20,806	7.6%	15.8%