

PUBLIC DISCLOSURE

January 13, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Riverbend Bank
RSSD #426057

2000 Handley Ederville Road
Fort Worth, Texas 76118

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'S CRA RATING: This institution is rated Satisfactory.

Riverbend Bank's performance in originating loans to meet the credit needs of all segments of its community is rated Satisfactory for the period covered by this evaluation. The factors supporting this rating include:

- An excellent penetration of loans among individuals of different income levels and businesses of different sizes, as demonstrated by 48% of the consumer loans to low- and moderate-income borrowers and 68% of the commercial loans to small businesses with gross annual revenues under \$1 million;
- A majority of loans originated inside the bank's assessment area, including 95% of the commercial loans and 77% of the sampled consumer loans made by the bank between October 1, 2001 and September 30, 2002;
- A reasonable dispersion of loans throughout its assessment area, and;
- A reasonable loan-to-deposit ratio, with a quarterly average of 68% since the previous CRA evaluation.

DESCRIPTION OF INSTITUTION

Riverbend Bank, Fort Worth, Texas (Riverbend) is an independent community bank operating one banking office in northeast Fort Worth, Texas. As of September 30, 2002, Riverbend reported total assets of approximately \$35.8 million, total deposits of \$32.9 million, and gross loans of \$21.8 million.

Riverbend is a full-service retail bank offering commercial, SBA, construction, home mortgage, home improvement, and consumer secured and unsecured loans. Deposit products offered include certificates of deposit and checking, money market, savings, and NOW accounts. The bank provides electronic funds transfer services such as direct deposit, preauthorized withdrawal of funds, and telephone transfers.

Riverbend's loan portfolio grew 7% between September 30, 2001 and September 30, 2002, and consists of 51% real estate, 28% commercial, and 20% consumer loans. Total real estate loans increased almost 18%, while consumer loans declined almost 14% during the period. The following table provides further detail on the loan portfolio mix:

LOAN PORTFOLIO MIX	9/30/2002 \$ (000)	% OF LOANS	9/30/2001 \$ (000)	% OF LOANS
<u>Real Estate</u>				
Residential	2,725	12.5	2,167	10.3
Construction/Land Development	2,184	10.0	1,777	8.5
Commercial	<u>6,320</u>	<u>28.9</u>	<u>5,594</u>	<u>26.7</u>
Total Real Estate	11,229	51.4	9,538	45.5
Consumer	4,392	20.1	5,102	24.3
Commercial/Industrial	6,205	28.4	6,335	30.2
Other	15	0.1	0	0.0
Gross Loans	21,841	100.0	20,975	100.0

Riverbend Bank experiences competition within its immediate zip code from Wells Fargo Bank, N.A. and Bank One, N.A. There were 52 FDIC-insured institutions operating 313 banking offices in Tarrant County as of June 30, 2002. Total deposits as of that date were \$14 billion, with Riverbend holding market share of 0.24%.

Riverbend received a satisfactory rating at the previous CRA evaluation conducted by the Office of the Comptroller of the Currency as of October 22, 1997. Overall, the bank's ability to meet various community credit needs has not been hampered by its capacity to lend, the capacity of other similarly situated institutions to lend in the assessment area, demographic and economic factors present in the assessment area, or the lending opportunities available in the institution's assessment area.

DESCRIPTION OF THE ASSESSMENT AREA

Riverbend Bank's assessment area is defined as Tarrant County, Texas, one of four counties comprising the Fort Worth-Arlington, Texas Primary Metropolitan Statistical Area (PMSA). The area includes the cities of Fort Worth, Arlington, Hurst, Euless, Bedford, Haltom City, and North Richland Hills.

Demographic and economic information impact the bank's performance context and is discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census, 1990 and 2000; the U.S. Department of Labor; the U.S. Department of Housing and Urban Development (HUD); Dun & Bradstreet; and the Texas Workforce Commission.

Demographic Characteristics

Tarrant County, the most populated of the four counties that make up the Fort Worth-Arlington, Texas PMSA, is located in north central Texas. The county's population grew by almost 24% during the 1990's, and was estimated at 1,486,392 in 2001. Fort Worth, population 534,694, is the largest city and county seat.

Income Characteristics

Households in the assessment area totaled 439,335 at the 1990 census, with 309,444 families. The county gained over 94,000 households and almost 60,000 families during the 1990's. Overall, 19% of the families are low-income, 18% are moderate-income, 23% are middle-income, and 40% are upper-income families. Poverty statistics indicate almost 11% of the assessment area live below the poverty level, compared to 15% statewide.

Tarrant County's 269 census tracts include 28 low-income, 66 moderate-income, 92 middle-income, and 83 upper-income geographies. The following table illustrates the distribution of the population by income level of the geographies:

DISTRIBUTION OF 1990 POPULATION BY CENSUS TRACT INCOME LEVEL						
CENSUS TRACT INCOME LEVEL	TOTAL TRACTS		TOTAL FAMILIES		TOTAL POPULATION	
	#	%	#	%	#	%
Low-income	28	10.4%	14,137	4.6%	67,100	5.7%
Moderate-income	66	24.5%	73,578	23.8%	298,527	25.5%
Middle-income	92	34.2%	116,199	37.5%	429,646	36.7%
Upper-income	83	30.9%	105,530	34.1%	374,830	32.0%
TOTAL	269	100.0%	309,444	100.0%	1,170,103	100.0%

Housing Characteristics

There were 491,152 housing units in the assessment area in 1990 and 565,830 in 2000. Six percent of housing units are located in low-income tracts, 26% in moderate-income, 38% in middle-income, and 30% in upper-income tracts. The homeownership rate in 2000 was 61%, and the median value of owner-occupied housing was \$90,300. 1990 statistics indicate the housing stock was comprised of 72% 1-4 family units, 25% multifamily with 5 or more units, and 3% mobile homes.

Labor, Employment and Economic Characteristics

The city of Fort Worth is a commercial and cultural center, home to major corporations and renowned art museums. Approximately 34% of Tarrant County employment is in the services industry, 17% in retail trade, 7% in the financial industry, 7% in construction, and 5% each in wholesale trade and manufacturing. Major employers include American Airlines, Lockheed Martin, Bell Helicopter, Burlington Northern Santa Fe Railroad, and RadioShack.

According to Dun & Bradstreet, there were approximately 97,854 business establishments in the assessment area as of June 2002, with 70% reporting gross annual revenues less than \$1 million. Ten percent of the businesses were located in low-income tracts, 20% in moderate-income, 34% in middle-income, and 36% in upper-income tracts. The Texas Workforce Commission estimated the labor force at 822,722, with an unemployment rate of 5.9% as of November 2002.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

Riverbend Bank's net loan-to-deposit (LTD) ratio is considered reasonable, given the bank's size and financial condition, the credit needs of the assessment area, and the competitive local banking environment. The bank's September 30, 2002 net LTD ratio was 65.7% and the quarterly average for the 20 quarters since the previous evaluation is 68%. The quarterly average ratio has remained stable since the previous CRA evaluation, which reflected an average of 66%.

To better understand the bank's performance in relation to its assessment area, a comparison of similarly situated banks was performed. These banks were chosen for analysis based on their proximity and similar structure, although it is noted that Riverbend is the smallest of the locally-based competitors in terms of asset size. As indicated in the following chart, the quarterly average ratios range from a low of 40.9% to a high of 77.7%. Riverbend's LTD ratio is reasonable and comparable to its local competitors.

BANK	TOTAL ASSETS 9/30/2002	LTD RATIO 9/30/2002	QUARTERLY AVG. LTD RATIO
Riverbend Bank Fort Worth, Texas	\$35.8MM	65.7%	68.0%
Woodhaven National Bank Fort Worth, TX	\$141.2MM	76.0%	77.7%
Surety Bank, N.A. Fort Worth, TX	\$102.6MM	81.7%	71.7%
National Bank of Texas Fort Worth, TX	\$80.1MM	38.9%	40.9%
Liberty Bank North Richland Hills, TX	\$76.8MM	67.8%	67.8%

LENDING IN ASSESSMENT AREA

Riverbend Bank's lending performance with respect to CRA was assessed by analyzing a sample of 62 consumer loans and 39 commercial loans originated by the bank between October 1, 2001 and September 30, 2002. This analysis revealed that a majority of the bank's lending takes place in the assessment area. As summarized in the chart below, almost 84% of the number and dollar volume of loans were originated to borrowers living or operating inside the bank's assessment area.

ANALYSIS OF LENDING IN THE ASSESSMENT AREA								
LOAN TYPE	INSIDE ASSESSMENT AREAS				OUTSIDE ASSESSMENT AREAS			
	#	%	\$	%	#	%	\$	%
Consumer	48	77%	469,887	79%	14	23%	123,927	21%
Commercial	37	95%	1,619,221	85%	2	5%	288,412	15%
TOTAL	85	84%	2,089,108	84%	16	16%	412,339	16%

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The distribution of the bank's lending based on income and revenue levels of the borrowers reflects an excellent penetration among individuals of different income levels and businesses of different sizes. The income level of the borrowers was compared to the HUD-adjusted median family income for the Fort Worth-Arlington PMSA. This figure was \$60,100 in 2001 and \$61,300 in 2002. The following chart details the income level ranges:

INCOME LEVEL	2001	2002
Median Family Income	\$60,100	\$61,300
Low-income	\$0 < \$30,050	\$0 < \$30,650
Moderate-income	\$30,050 < \$48,080	\$30,650 < \$49,040
Middle-income	\$48,080 < \$72,120	\$49,040 < \$73,560
Upper-income	\$72,120 and up	\$73,560 and up

The distribution of consumer loans by borrower income level is excellent, with 25% of the 48 loans in the assessment area are made to low-income borrowers and 23% to moderate-income borrowers. This distribution is commendable given that 19% of assessment area families are in the low-income bracket and 18% are moderate-income. The following table illustrates the distribution of the consumer loans across the assessment area by income of the borrowers, and includes the percentage of area families within each income level:

DISTRIBUTION OF CONSUMER LOANS BY MEDIAN FAMILY INCOME LEVEL						
	LOW	MODERATE	MIDDLE	UPPER	N/A	TOTAL
Number of Loans	12	11	11	6	8	48
% of Number	25%	23%	23%	12%	17%	100%
Dollar Volume	\$70,043	\$76,331	\$92,664	\$161,536	\$69,313	\$469,887
% of Dollar Volume	15%	16%	20%	34%	15%	100%
Percent of Families	19%	18%	23%	40%		

The distribution to businesses of different sizes is good. Eight business borrowers reported less than \$100,000 in annual revenues, including two start-ups, and 68% of total loans were to small businesses with less than \$1 million in revenues. Of the eight customers with greater than \$1 million in revenues, six were between \$1 million and \$1.5 million. The following table reflects the distribution of the 37 commercial loans by gross annual revenues of the borrowers:

Gross Annual Revenues	Number of Loans	Percent of Loans
Less than \$100,000	8	21.6%
\$100,001 - \$250,000	4	10.8%
\$250,001 - \$500,000	8	21.6%
\$500,001 - \$750,000	1	2.7%
\$750,001 - \$1,000,000	4	10.8%
Over \$1 million	8	21.6%
Revenues Not Available	4	10.8%

The distribution by loan size is also good, with 19 loans or 51% of total loans in amounts less than \$25,000. Eleven loans were for amounts ranging from \$25,000 to \$50,000, four were between \$50,000 and \$100,000, and three were over \$100,000. This performance demonstrates the bank's commitment to meeting the varying credit needs of its community.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of the bank's loans reflects a reasonable dispersion throughout the assessment area, given the performance context which indicates that 5% of total families and 10% of area businesses are in low-income census tracts and 24% of families and 20% of businesses are in moderate-income tracts. Riverbend made loans in 54 of the 269 census tracts in Tarrant County, and its loans were extended in tracts of all income levels. Overall, 6% of the bank's loans were made in low-income tracts, 26% in moderate-income, 35% in middle-income, and 33% in upper-income census tracts. The following table depicts the distribution of loans by income level of the census tracts:

DISTRIBUTION OF LENDING BY CENSUS TRACT INCOME LEVEL						
CENSUS TRACT INCOME LEVEL	CONSUMER		COMMERCIAL		TOTAL	
	#	%	#	%	#	%
Low-income	2	4%	3	8%	5	6%
Moderate-income	8	17%	14	38%	22	26%
Middle-income	18	37%	12	32%	30	35%
Upper-income	20	42%	8	22%	28	33%
TOTAL	48	100%	37	100%	85	100%

RESPONSE TO COMPLAINTS

The bank has not received any CRA-related complaints since the previous evaluation.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS (ECOA, FHA OR HMDA)

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified during the concurrent Consumer Affairs Examination.