

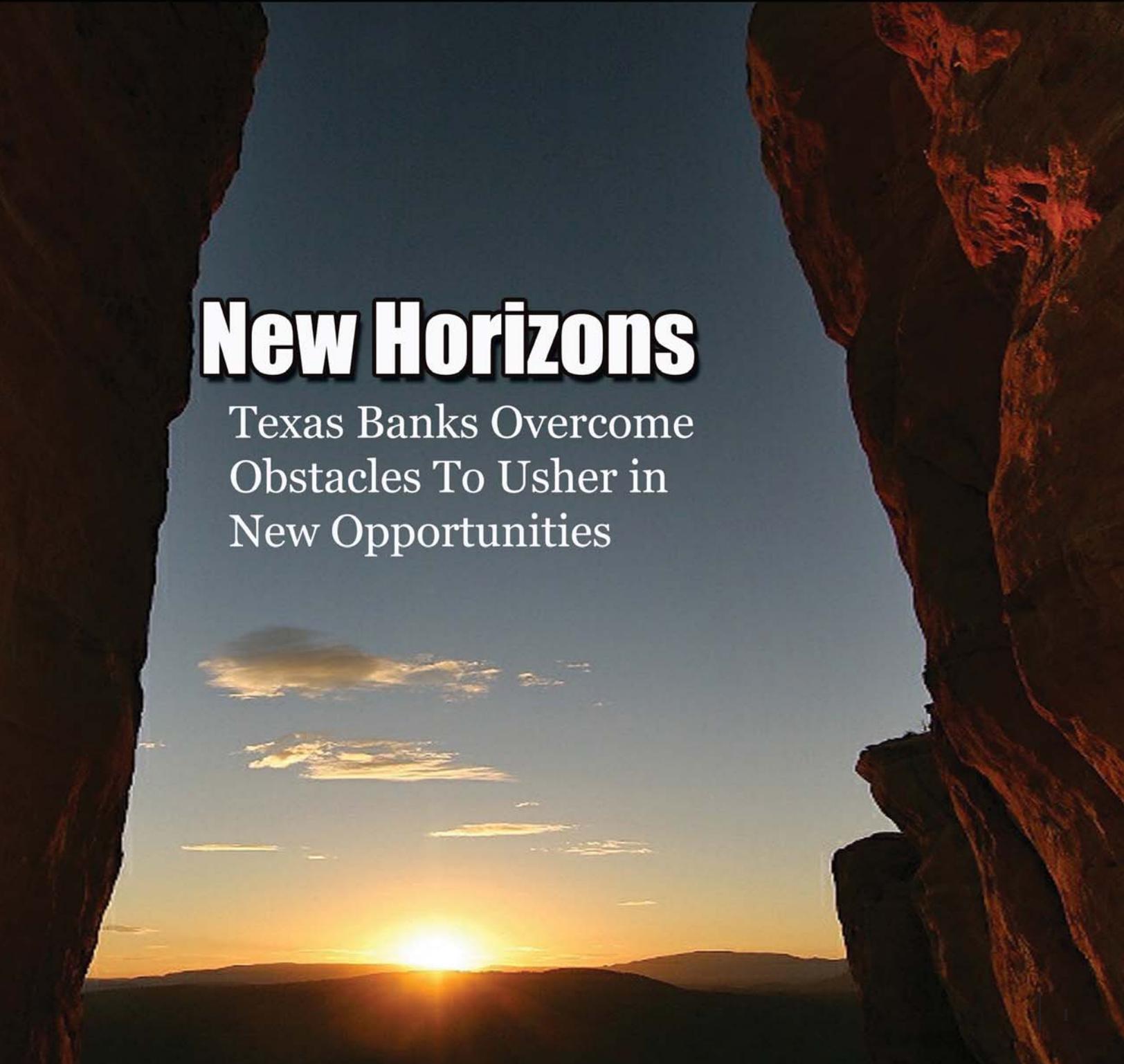
DEPARTMENT OF BANKING

TEXAS

2009 ANNUAL REPORT

New Horizons

Texas Banks Overcome
Obstacles To Usher in
New Opportunities





Agency Mission:

To ensure Texas has a safe, sound and competitive financial services system.

Agency Philosophy:

Adhere to the highest ethical and professional standards;

Be accountable and responsible;

Anticipate and respond to a dynamic environment;

Identify and promote innovative practices;

Operate efficiently;

Communicate effectively;

Foster teamwork;

Promote individual excellence and career development;

Provide a desirable work environment that values cultural and individual differences; and

Seek input from and be responsive to the public, our supervised entities, and State leadership.

Over 100 years of History ...



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Over 100 years of Experience.

A Message from the Commissioner

Confidence in the nation's economy and financial services industry was shaken in 2009 leaving little leisure time for anyone. Texas avoided the subprime mortgage meltdown and the brunt of the worst recession since the 1930's but still experienced bank failures in 2009. Of the 140 banks that failed, five were Texas banks of which three were chartered by this agency. Although not unscathed, Texas banks continued to have higher profits and lower loan losses than institutions in other parts of the country.

Economic stress is projected to continue in 2010; however, the Texas banking system ended 2009 well positioned to face the challenges that lie ahead. The overall risk profile of the system is generally good, but increased supervision remains critical during times of economic stress. The Department, in conjunction with other industry regulators, will continue to concentrate on monitoring and addressing system liquidity, bank funding sources, loan concentrations, and bank management's risk management practices.

While managing the challenges brought on by the financial meltdown on Wall Street and economic downturn throughout the nation,

regulatory reform at the national level took center stage. The push for reform has significant momentum causing many restless and sleepless nights for bankers and regulators alike. The regulatory world of today and the one we may wake up in tomorrow may be vastly different. The Department, as well as the Finance Commission, supports the dual banking system that has long provided stability and strength to the nation and citizens of Texas.

Industry and trade support for the Department is greatly appreciated and paved the way for the Finance Commission to be granted the authority by the Texas Legislature to address shifts in the economy by declaring the Department, semi-independent, self-directed status. With this new status, we have the flexibility to fulfill the Department's mission to ensure Texas has a safe, sound and competitive financial services system.

I will tirelessly strive for the Department to be considered the top financial regulator by the industries we regulate as well as our regulatory peers and counterparts into 2010 and beyond.

Charles G. Cooper
Bank Commissioner

THEN



NOW

	December 31, 2000	December 31, 2009
State-Chartered Banks	353	318
Total Assets	\$ 53.6 Billion	\$163.0 Billion
Total Deposits	\$ 43.9 Billion	\$124.3 Billion
Total Capital	\$ 4.8 Billion	\$ 17.1 Billion
Average Assets	\$ 51.2 Billion	\$163.2 Billion
Equity Capital Ratio	9.03%	10.47%
Return on Assets	1.34%	0.69%
Trust Companies	30/\$63.6 Billion	21/\$17.2 Billion
Foreign Bank Agencies	10/\$30.1 Billion	10/\$70.0 Billion
Prepaid Funeral Licensees	436/\$2.2 Billion	409/\$2.9 Billion
Perpetual Care Cemeteries	229/\$152.0 Million	244/\$229.0 Million
Money Service Businesses	134/\$473.3 Billion	129/\$70.1 Billion

We are moving forward always, and continuing to develop an agency that the State of Texas, our regulated entities and our staff members may be proud of.





A YEAR IN REVIEW

January 8, 2009 - Moody's Investor Services issues a report suggesting that the Federal Home Loan Banks are currently facing the potential for significant accounting write-downs on their \$76.2 billion private-label MBS securities portfolio.

January 12, 2009 - At the request of President-Elect Obama, President Bush submits a request to Congress for the remaining \$350 billion in TARP funding for use by the incoming administration.



January 12, 2009 - New home sales plunge in U.S. according to a Commerce Department report. New home

purchases drop 10 percent to an annual pace of 309,000, the lowest level since data tracking began in 1963. The report attributes the fall to high unemployment and foreclosures.

January 20, 2009 - Barack Obama takes the oath of office for President of the United States, becoming the first African-American president in the history of the nation.



February 17, 2009 - President Obama signs stimulus package into law. The \$787 billion stimu-



lus package would implement tax cuts, create jobs in building infrastructure, and provide further social welfare funding.

February 17, 2009 - In Texas, Robert Allen Stanford's reign was thrown into turmoil as a caravan of cars and trucks carrying federal authorities pulled up to the headquarters of his company, the Stanford Group, to shut down what the regulators described as a "massive ongoing fraud" stretching from the Caribbean to Texas, and around the world.

February 18, 2009 - President Obama announces The Homeowner Affordability and Stability Plan. The plan includes a program to permit the refinancing of conforming home mortgages owned or guaranteed by Fannie Mae or Freddie Mac that currently exceed 80 percent of the value of the underlying home. The plan also creates a \$75 billion Homeowner Stability Initiative to modify the terms of eligible home loans to reduce monthly loan payments.

February 26, 2009 - The Federal Deposit Insurance Corporation (FDIC) announces that the number of

"problem banks" increased from 171 institutions with \$116 billion of assets at the end of the third quarter of 2008, to 252 insured institutions with \$159

billion in assets at the end of fourth quarter of 2008. The FDIC also announces that there were 25 bank failures and five assistance transactions in 2008, which was the largest annual number since 1993.



2009 TIMELINE

February 27, 2009 - The FDIC announces changes in its risk-based assessment system and a 20-basis point emergency special assessment on insured depository institutions to be collected on September 30, 2009.



March 26, 2009 - The U.S. Treasury Department outlines a framework for comprehensive regulatory reform that focuses on containing systemic risks in the financial system. The framework calls for assigning responsibility over all systemically-important firms and critical payment and settlement systems to a single independent regulator.

April 2, 2009 - The Financial Accounting Standards Board approves new guidance to ease the accounting of troubled assets held by banks and other financial companies. In particular, the Board provides new guidance on how to determine the fair value of assets for which there is no active market.

May 1, 2009 - Seeking to protect consumers, landmark credit card reform legislation is signed into law.

According to consultant TowerGroup, banks use the nine months before the law takes effect to slash credit limits and raise interest rates on 65 percent of all outstanding cards.



March 3, 2009 - Dow Jones Industrial Average fell below 7,000 points for the first time since 1997, after AIG reported a \$62 billion quarterly loss.

Legendary investor Jim Rogers asks AIG to be allowed to go bankrupt rather than making America bankrupt.

March 11, 2009 - Freddie Mac announces that it had a net loss of \$23.9 billion in the fourth quarter of 2008, and a net loss of \$50.1 billion for 2008 as a whole.



May 5, 2009 - Results of bank "stress tests" on the nations largest institutions released. "Stress tests" showed these banks would need less capital than was feared, although U.S. government regulators told banks they needed to raise around \$75 billion more in capital.

May 20, 2009 - President Obama signs the Helping Families Save Their Homes Act of 2009, which temporarily raises FDIC deposit insurance coverage from \$100,000 per depositor to \$250,000 per depositor.

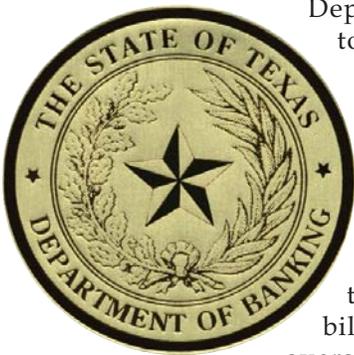
May 27, 2009 - The FDIC announces that the number of "problem banks" increased from 252 insured institutions with \$159 billion in assets at the end of fourth quarter of 2008, to 305 institutions with \$220 billion of assets at the end of the first quarter of 2009. The FDIC also announces

that there were 21 bank failures in the first quarter of 2009, which is the largest number of failed institutions in a quarter since the first quarter of 1992.

June 1, 2009 - The once mighty US automobile company General Motors is declared bankrupt, with the federal government taking a major equity position. GM emerged from bankruptcy about six weeks later, on July 10.



June 2, 2009 - On the final day of the 81st Session, HB 2774 passed. This bill included a provision for four financial regulatory agencies, including the Texas



Department of Banking, to become "self-directed and semi-independent." Self-directed agencies are not required to have their Appropriation's Request approved by the Legislature. This bill allows the agencies' oversight boards to set the

spending authority or limits for the agencies. The self-directed status will allow the agencies the flexibility to more timely react to changes in the financial environment. The bill also gives the Finance Commission agencies title and control of the Finance Commission building.

June 17, 2009 - U.S. Treasury released proposal for reforming financial regulatory system.

June 19, 2009 - 345th District Court of Travis County placed Texas Memorial Life Insurance Company into receivership for purposes of liquidation. Texas Memorial is a Texas-domiciled insurance company licensed only in Texas, that issued insurance policies to fund pre-need funeral benefit contracts sold by its affiliate, Memorial Administrators, LLC d/b/a/ Texas Memorial Administrators, LLC. Memorial Administrators was also placed into receivership on June 10, along with TME Holdings, Inc. which is the holding company of both Texas Memorial and Memorial Administrators.

June 30, 2009 - The U.S. Treasury proposes a bill to Congress that would create a new Consumer Financial Protection Agency. The bill would transfer all current consumer protection functions of the Federal Reserve System, Comptroller of the Currency, Office of Thrift Supervision, FDIC, FTC, and the National Credit Union Administration to the new agency.



July 1, 2009 - In an effort to jump-start the economy and get gas-guzzlers off the road, the government initially approves \$1 billion to provide rebates for new car purchases. Greater than anticipated demand leads Congress to approve an additional \$2 billion.

July 2, 2009 - Texas Banking Commissioner closes Millennium State Bank of Texas. The bank had total assets of \$118 million.



August 21, 2009 - The agency presented the approved budget with minor adjustments to the Finance Commission for approval. The agency's

2009 TIMELINE

final budget for fiscal 2010 approved by the Finance Commission is \$22.2 million. The current assessment structure is determined sufficient to allow the agency to operate without an increase in the assessment rate.

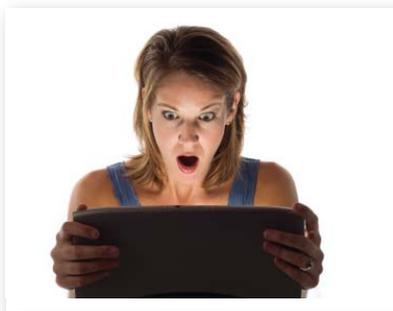
August 25, 2009 - Ben Bernanke is re-nominated as Chairman of the Board of Governors of the Federal Reserve System.



FIRST STATE BANK

September 18, 2009 - Texas Banking Commissioner recognizes First State Bank, Hallsville, Texas, for 100 years of service.

September 29, 2009 - The Board of Directors of the FDIC adopts a Notice of Proposed Rulemaking (NPR) that would require insured institutions to prepay their estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012. The FDIC estimates that the total prepaid assessments collected would be approximately \$45 billion.



October 29, 2009 - The Texas Department of Banking issues an Emergency Cease and Desist Order to Child Support Services, Inc., Child Support Services of Atlanta, Inc., and Stuart Clay Cole. Under the Order, the companies and Cole are instructed to cease and desist from engaging in the business of child support enforcement unless and until they become registered to do so with the Texas Department of Banking.

October 30, 2009 - Texas Banking Commissioner closes North Houston Bank and Madisonville State Bank.



November 1, 2009 - CIT Group, Inc., files for bankruptcy protection under Chapter 11 of the bankruptcy code. The U.S. Government purchased \$2.3 billion of CIT preferred stock in December 2008 under the Troubled Asset Relief Program (TARP). The firm's prepackaged bankruptcy is expected to wipe out the equity stakes of CIT's current shareholders, including the U.S. Government.



November 5, 2009 - After wavering back and forth for two weeks, the Dow settles into a two-month run above the 10,000 mark.



December 12, 2009 - Treasury Secretary Timothy Geithner announces that TARP will be extended

to October 3, 2010, and will focus on preventing foreclosures, providing capital to small banks, and possibly increasing the Term Asset Backed Securities Loan Facility. The U.S. House of Representatives passes legislation that would create a Financial Stability Council and a Consumer Financial Protection Agency, as well as help regulate OTC derivatives, hedge funds, and failing financial institutions

December 31, 2009 - As expected, the number and total assets of institutions on the FDIC's "Problem List" continued to rise. At the end of December, there were 702 insured institutions

on the "Problem List," up from 552 on September 30. Forty-five institutions failed during the fourth quarter, bringing the total number of failures for the year to 140, the highest annual total since 1992.

*What direction
will the
economy take
in 2010?*



REGIONAL OUTLOOK

CLEARING SKIES AHEAD?

Bank & Trust Division

Houston

The Houston region stretches west to Weimer, south to Ganado, and northeast to the Louisiana border. There are 71 state-chartered banks within the region with assets totaling \$27 billion, and eight foreign bank agencies with on-book and off-book assets totaling approximately \$59 billion.

The state banks in the Houston region outperformed statewide averages in 2009. Asset growth well outpaced the state at 6.75% versus only 0.2% statewide. Houston region banks reported loan growth at just under 2%, and while not large, it is one of only two regions reporting any loan increases. The region reported the lowest numbers for nonperforming loans but also the lowest capitalization ratios, though the average Tier 1 Leverage ratio of 8.45% is well above regulatory minimums.

Profitability, with a return on assets of 0.77%, exceeded the statewide average of 0.69%. As commercial real estate values began to fall and projects stagnated in the second half of the year, loan growth slowed significantly. Asset quality also began to slip based on commercial real estate problems in the third and fourth quarters.

At year-end 2009 the Southeast Texas economy, in which Houston plays a major role, showed clear signs of sustained economic improvement. Job losses continued to shrink, the unemployment rate fell slightly from a high of 8.5%, and local purchasing managers were becoming increasingly optimistic. Houston's and the Southeast Texas recovery is still trailing that of the U.S. economy by a few months, but the difference is narrowing, especially in local job growth. Stabilization and improvement in oil-related jobs have been the

key to these gains.

While West Texas and East Texas benefit from production and service industries related to the oil and gas sector, the petroleum industry in the Houston market covers the entire gamut: commodity trading; energy trading; world-wide corporate headquarters; exploration; drilling; manufacturing; service industries; distribution; and exports. Though the corporate sector has expressed some reservations about the basis for current oil prices, the off-shore rig count increased in the fourth quarter of 2009, and service industries and post-production sectors are improving. However, more sustained improvement will be necessary before the related manufacturing industries pick up.

The recovery in Houston commercial real estate markets may be slow, owing to the expected sluggish revival in

overall U.S. economic activity. Office-using employment declined substantially in 2009, in particular as a result of a drop in professional services employment. Longer term, above-average population growth and expansion in distribution and health-related industries are already evident and will help absorb the excess commercial real estate over time.

Dallas Region

The Dallas region includes most of North Texas. It stretches from Wichita Falls to Texarkana with a southern boundary that runs east from Brownwood to the Arkansas/Louisiana state line. There are 110 state banks in the region with just over \$92 billion in assets. That number includes Comerica Bank, headquartered in Dallas, with just over \$59 billion in assets. The state banks in the Dallas region lagged the rest of the state in most performance measures. Average asset growth rates were negative, and profitability, on average, was the lowest in the state with a return on assets of 0.5%. The declining profitability is related to costs associated with problem assets, but it also reflects the

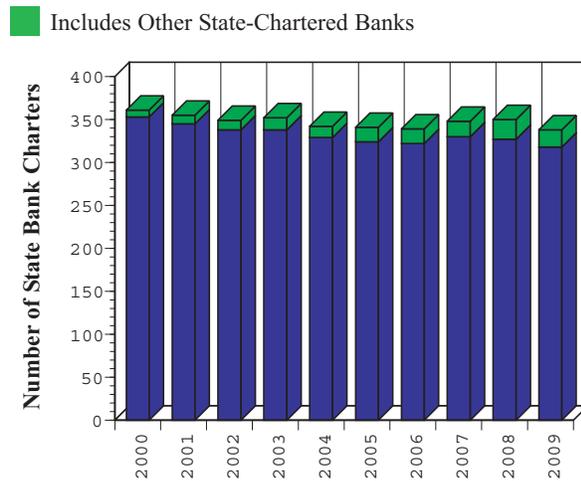
large number of de novo banks in the region that have not yet attained positive earnings. Most telling, the levels of nonperforming loans were one and one-half to two times higher than the other regions, and nonperforming assets represent almost a quarter of capital and reserves regionwide. The declines in commercial real estate, especially in commercial and residential development projects, have been widely reported in the Dallas/Fort Worth Metroplex. Consequently, lending activity slowed, foreclosures increased, and demand for residential projects fell dramatically. In response to these problems, the Dallas region banks report the

highest capital ratios at an average 9.7% Tier 1 Leverage position.

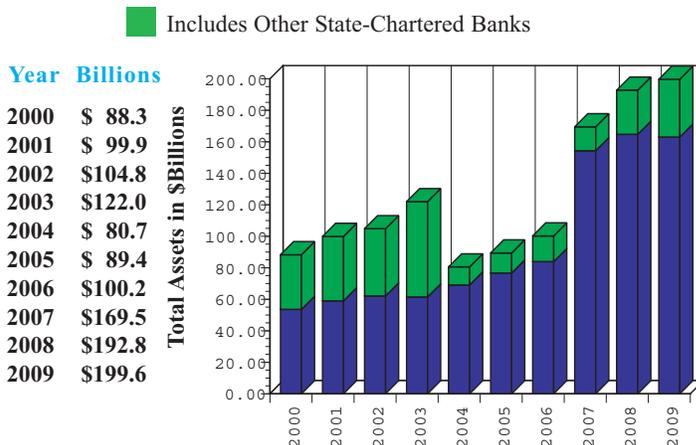
The region overall, however, has an exceptionally diverse economy. The western portion of the area is concentrated in oil and gas with some agriculture, while the eastern portion is concentrated in timber and oil and gas. Both areas have benefited not only from oil and gas production, but also from an up-tick in the oil and gas service industries that are tied directly to oil prices. The reduction in the price of natural gas has dampened exploration in the Barnett Shale and in east Texas.

The timber industry, on the other hand, has suffered from the decline in the housing market and the broader recession, which negatively affects the paper industry. According to the Texas Forest Service, all sectors of timber prices fell throughout the first half of the year, but some portions rebounded in November and December because of production curtailments, wet weather, and tax credits for the paper industry. Overall, timber prices ended the year down an average of 15% to 20% from 2008.

Number of State Banks in Texas



Assets Held by State Banks in Texas



There is a significant concentration in both assets and the number of banks in the Dallas/Fort Worth Metroplex, which includes Tarrant, Dallas, Collin, and Denton counties. These areas have been hardest hit by declining real estate prices. Housing prices fell approximately 1% after several years of gains, but this decline is far less than those reported on the West Coast and in the Southeast portions of the country. Commercial real estate also suffered in 2009 with reported declines in market value of near 15% to 20% on development properties and smaller declines on income-producing properties. The southern corridor of the Metroplex has declined more sharply than other areas, while pockets within the northern sector have remained stable. After years of consistent job growth, the Bureau of Labor Statistics reports that the job count in the Metroplex fell 2% through October 2009. Job losses in all sectors were well below those reported nationally.

Overall, the economies in the eastern and western sectors of the region remain relatively stable, and the conditions of the banks in those areas reflect that stability. The economic stresses, as well as the problem banks in the region, are centered in the Metroplex. Manufacturing, service industries, and the real estate market are all declining, though more slowly than the rest of the country. The Metroplex economy is dependent on the national and global economies and the recovery will be slow until the abundance of real estate development projects can be absorbed.

San Antonio Region

The San Antonio region comprises South and Central Texas, and stretches from Waco to Brownsville at the southern tip of the State. The eastern boundary includes Corpus Christi and the western boundary encompasses Del Rio and Junction. There are 75 state banks in the region with

combined total assets of approximately \$23 billion.

The State banks in the San Antonio region led the state in profitability with an average return on assets of 1.12%. Capital protection remained above the state average as well with an average Tier 1 Leverage ratio of 9.67%. Banks in the region report minimal asset growth, and loan totals for the region actually decreased approximately 1%. The San Antonio region reports lower-than-average nonperforming loans at 1.45% of total loans versus 2.48% statewide.

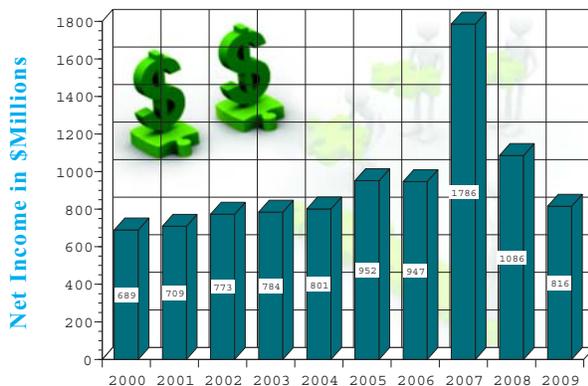
The San Antonio economy has fared the recession much better than elsewhere in the state or the nation. However, the unemployment rate has risen and is at about 7.2%. The area is dominated by a large military presence, tourism, and manufacturing. The manufacturing sector has seen a large pull-back as a result of the economic woes. A large truck assembly plant has been adversely affected by weak demand, but some improvement is expected over the next year as production shifts to a better selling line. Additional manufacturing gains are expected as an auto components maker has announced plans to move production to nearby Seguin.

Also in Seguin, a large heavy equipment manufacturer is constructing a new production plant, which will add construction jobs to the economy in the near-term and manufacturing jobs for the long-term. The

Texas State-Chartered Banks

Net Income

Year	Millions
2000	\$689
2001	\$709
2002	\$773
2003	\$784
2004	\$801
2005	\$952
2006	\$947
2007	\$1,786
2008	\$1,086
2009	\$816



REGIONAL OUTLOOK

military continues to see expansion. The Base Realignment and Closure (BRAC) proceedings resulted in an initiative to make San Antonio the prime military medical locale and improve the bases already in the area. All four of the city's major bases are under renovation with an estimated 2,200 construction workers involved in various projects, which are now about one-third complete. The city continues to rely heavily on tourism, and the recessionary economy has had a measurable effect on this key economic trigger. The housing market in the city has stabilized since the lows of late 2008. The extension of federal incentives and above-average population growth should help keep the housing market on the track to recovery. In the rural areas in and around San Antonio, ranching and recreational hunting activity continue to support these markets.

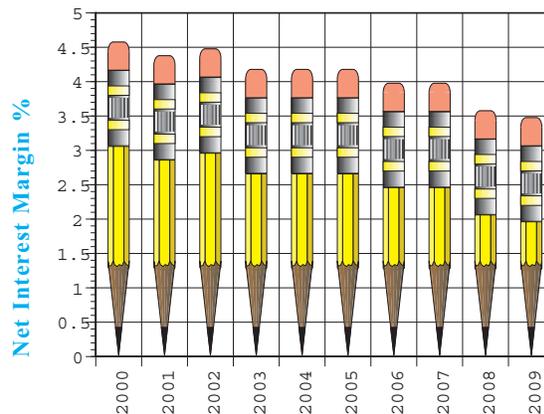
The overall impact of the slow-down in economic activity has had a moderate impact on the local banks. These banks are generally experiencing reduced loan demand and increased problem loans. However, a flight to safety in consumer investments has resulted in banks seeing increases in deposits.

The McAllen economy is in the midst of a modest transition from recession to recovery. Hiring in education and healthcare has offset layoffs in the retail and manufacturing sectors. The number of unemployed workers has more than doubled since early 2008, and this translates into a jobless rate that is 200 basis points above the national average and at the highest since 1999. McAllen is closely tied to cross-border trade, and the demand from

in the labor market is needed to support spending and consumer credit conditions. The commercial real estate market is also struggling to revive itself in the area. Property vacancies are up, and office-using employment is down. With the added vacant space, fewer new projects are being undertaken. McAllen continues to benefit from population growth, and this should eventually aid in absorbing available residential property.

**Texas State-Chartered Banks
Net Interest Margin**

Year	Percent
2000	4.6%
2001	4.3%
2002	4.5%
2003	4.2%
2004	4.2%
2005	4.2%
2006	4.0%
2007	4.0%
2008	3.6%
2009	3.5%



Mexican shoppers is a critical catalyst for improvement in retail and tourism. Improvement in this trade is dependent, in part, on a stable Mexican peso. The poor labor market has had an adverse affect on consumer spending, as home sales lag and consumer credit conditions erode. McAllen has among the lowest per capita income in the nation, and household wealth is below average. With the lack of a savings cushion, improvement

Overall, Rio Grande Valley area banks remain relatively stable, but weakness in consumer spending and the resulting slow-down in retail demand and commercial real estate have had an adverse affect. The volume of past due loans and foreclosures is elevated and will likely remain this way until the

nationwide economy has recovered.

The Austin and Central Texas area economy, while relatively resilient during this recession, has faltered in some areas. The technology sector has slowed significantly, and real estate markets face constraints with declines in residential, commercial, and retail sectors. The technology manufacturers have struggled due to slumping sales and increased pressures to

outsource overseas. The trend is expected to reverse over the next year or so as companies are expected to make needed upgrades, and software, semiconductor, and PC sales are all expected to grow 10% over the coming year. Despite the struggles in the technology sector, employment in government, education, and healthcare have provided stability to the overall employment and economy of

contributed to the high vacancy rate. Austin's recovery is expected to continue at a slow pace as prospects for the high-tech industry improve. Housing is also expected to rebound with the government programs to assist homebuyers in an area that boasts a relatively young and well-educated workforce. The higher-end housing market is expected to rebound at a much slower pace. Banks in

El Paso, the Oklahoma state line in the Panhandle to the Rio Grande in the south. There are 63 state chartered banks within the region with a combined \$20 billion in assets.

The state banks in the Lubbock region are experiencing the highest asset growth rates in the state at 12.8%. This is the only region experiencing any meaningful loan growth averaging nearly 10%. Not coincidentally, the Lubbock region also has the second-highest volume of nonperforming loans at 1.7% of total loans. Loan growth and increasing nonperforming loans are primarily associated with West Texas-based banks that have expanded into the Dallas/Fort Worth Metroplex and Austin areas. These banks are also experiencing significant declines in commercial real estate. Capital ratios remain sound, but Tier 1 Leverage ratios average 9.1%, which is below the state average of 9.4%.

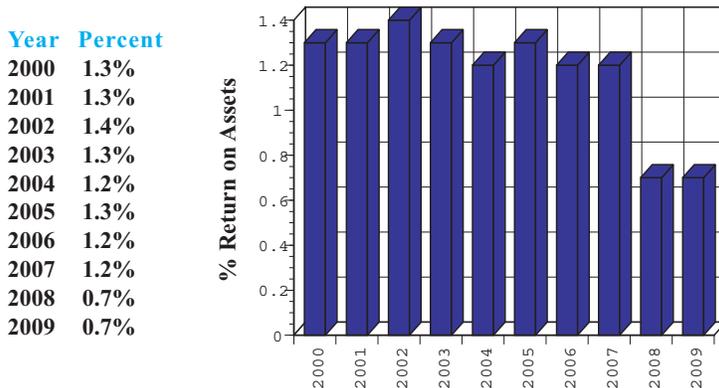
Austin. The residential real estate market, while outperforming the national market, has depreciated. The average sales price of a home in Austin dropped about 3.2% since 2008. The market for Austin office space has been slow, and the vacancy rate for office space has risen to 25%. Modest overall job growth and a large influx of office space that was completed in early 2009 have

the Austin and Central Texas area have also experienced weaknesses in commercial borrowers and reduced loan demand.

Lubbock Region

The Lubbock region encompasses the western third of the state with eastern boundaries at Abilene, western boundaries at

**Texas State-Chartered Banks
Annual Return on Assets**



REGIONAL OUTLOOK

The Panhandle area has experienced a downturn in the cattle markets, especially feedlot operations caused by high feeding costs and reduced consumption due to the national economy. On the bright side for the area, grain prices are reasonable, manufacturing is picking up and housing/construction is improving.

The South Plains area received a boost with unexpected price and production numbers from cotton and grain. Sales of existing houses and new construction starts are improving monthly.

The Abilene-San Angelo-Permian Basin triangle has the best economic recovery prospects because of rising oil and gas prices and increased oilfield activity.

Unemployment numbers from the last quarter of 2009 have drastically improved because of exploration and recovery business.

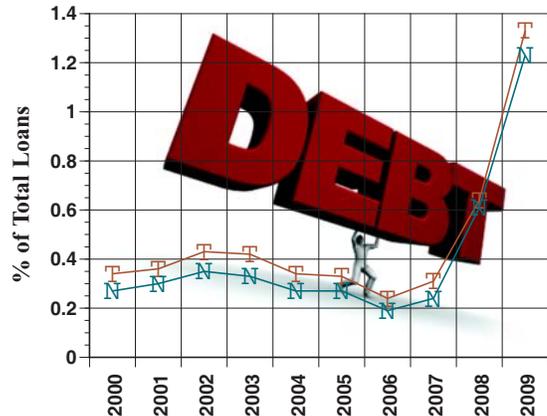
The El Paso area is poised to see an economic boost.

Defense spending, primarily in the form of increased base personnel, is creating construction opportunities and expected retail sales increases. This economy remained fairly stable during 2009.

The region's banks remain relatively stable with nominal growth. Customers' financial results reflect modest slow-downs with few businesses going into default.

Texas State-Chartered Banks
Annual Percent of Total and Net Charge-offs

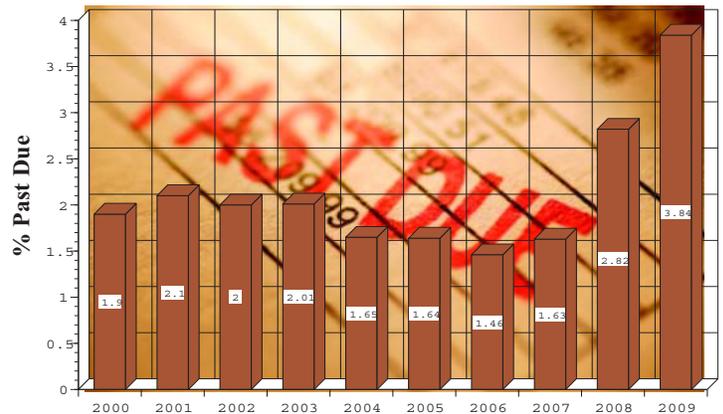
	T Total C/O	N Net C/O
2000	.34%	.27%
2001	.36%	.30%
2002	.43%	.35%
2003	.42%	.33%
2004	.34%	.27%
2005	.33%	.27%
2006	.24%	.19%
2007	.31%	.24%
2008	.64%	.61%
2009	1.33%	1.23%



Texas State-Chartered Banks
Delinquency Rates - Total Loans

Includes Nonaccrual Loans

Year	Percent
2000	1.88%
2001	2.10%
2002	2.02%
2003	2.01%
2004	1.65%
2005	1.64%
2006	1.46%
2007	1.63%
2008	2.82%
2009	3.84%



A Paralegal in Baghdad

by Linda Studer, ACP

Article used with permission from the Texas Paralegal Journal - Winter/Spring 2010 edition

Allen Barr is a Charter Member of the Paralegal Division and an active member of District 4. Following 9/11 he was mobilized after receiving a call on his cell phone while in his car. Allen supported operations in Afghanistan and Iraq through most of 2003. In January 2006 he was called back up and deployed to Baghdad.

* * *

It's hot in Austin, Texas. It's hotter in Baghdad. And not just from the 120 degrees of blistering sun that turns a relaxing run into a moveable sauna. No, it's another kind of heat that gets your attention, as Allen Barr discovered shortly after arriving in Baghdad. Trudging outside to retrieve materials from his vehicle, Allen was startled by a fierce buzzing around his head. Looking around for some angry bees to swat, he heard frantic yelling from the cover of a nearby wall. "SIR! Those aren't bees buzzing; those are bullets! Get over here!"

His comrade proceeded to enlighten him on survival basics in Baghdad. It seems when some of the locals get particularly inspired by a sermon at the local mosque, they literally come blasting out, firing their weapons over the wall into the nearby military base, Camp Slayer, home to many of the U.S. forces in Iraq. Quite different from a Sunday afternoon in Austin. In Baghdad, it's a good idea to be inside when services let out.

In 1985, Allen joined the Naval Reserve, putting his analytical skills and paralegal training to work in a Naval Intelligence unit. His experience in absorbing complex information, clear concise writing and coordinating the work of a multi-disciplined team of highly qualified professionals enabled him to perform this important

and complex role. His paralegal skills of attention to detail, research, drafting documents and working with organizational systems served him well.

Shortly after 9/11, Allen Barr, Art Education major turned paralegal, now citizen soldier received a call on his cell phone. This time it wasn't his wife asking him to pick up a few things at the store on the way home. He was being called to serve his country. Allen was ready; and being a patriot with a love for his country, he was willing.



Photo by Norma Hackler

Allen's time in Iraq, like all military, was not a luxury tour. He lived and worked at Camp Slayer (part of Camp Victory) and Basra as well as in the Green Zone, nicknamed "the Emerald City" by the residents of Baghdad. But, unlike the Wizard of Oz, there were automatic weapons and IEDs. Allen's sanity breaks were the times he was able to have a few hours off to wash clothes and enjoy a short run, but he was always mindful of the times prayer services ended. While he was fortunate enough not to be regularly in the line of fire, the tension of

war and seriousness of the mission was ever present. Days were long, often 14 to 18 hours a day, 7 days a week. Every task a rush job, like going to trial seven days a week...for months on end. Many called it "Groundhog Day," each day the same: little rest, no relief.

In this setting Allen's paralegal experience also paid off in a less expected way. It turns out that Iraqis do not pay much attention to rank; they respond to relationships. It is a person-to-person culture. Allen was able to use the people skills learned in his paralegal role to forge valuable

bonds with his Iraqi counterparts as well as with the members of the organization he oversaw. His philosophy was to treat everyone as a client. At that time, the Emerald City, Baghdad, Basra and Iraq were under siege and relationships were even more important. Allen's take-away from his time as a paralegal at war is an attitude of gratitude. Grace over meals took on a whole new meaning. He was grateful for each day. He was grateful for things that we typically take for granted: electricity that kept the lights on, the water running and the office bearable.

He is grateful for the personal relationships he formed in Iraq. He is grateful for the Texas Department of Banking holding a job for him, making his transition home far less stressful. Most of all, he is grateful to be home, back with his wife and family; back with his friends and colleagues; back where, if there is buzzing around your head, it is just bees.

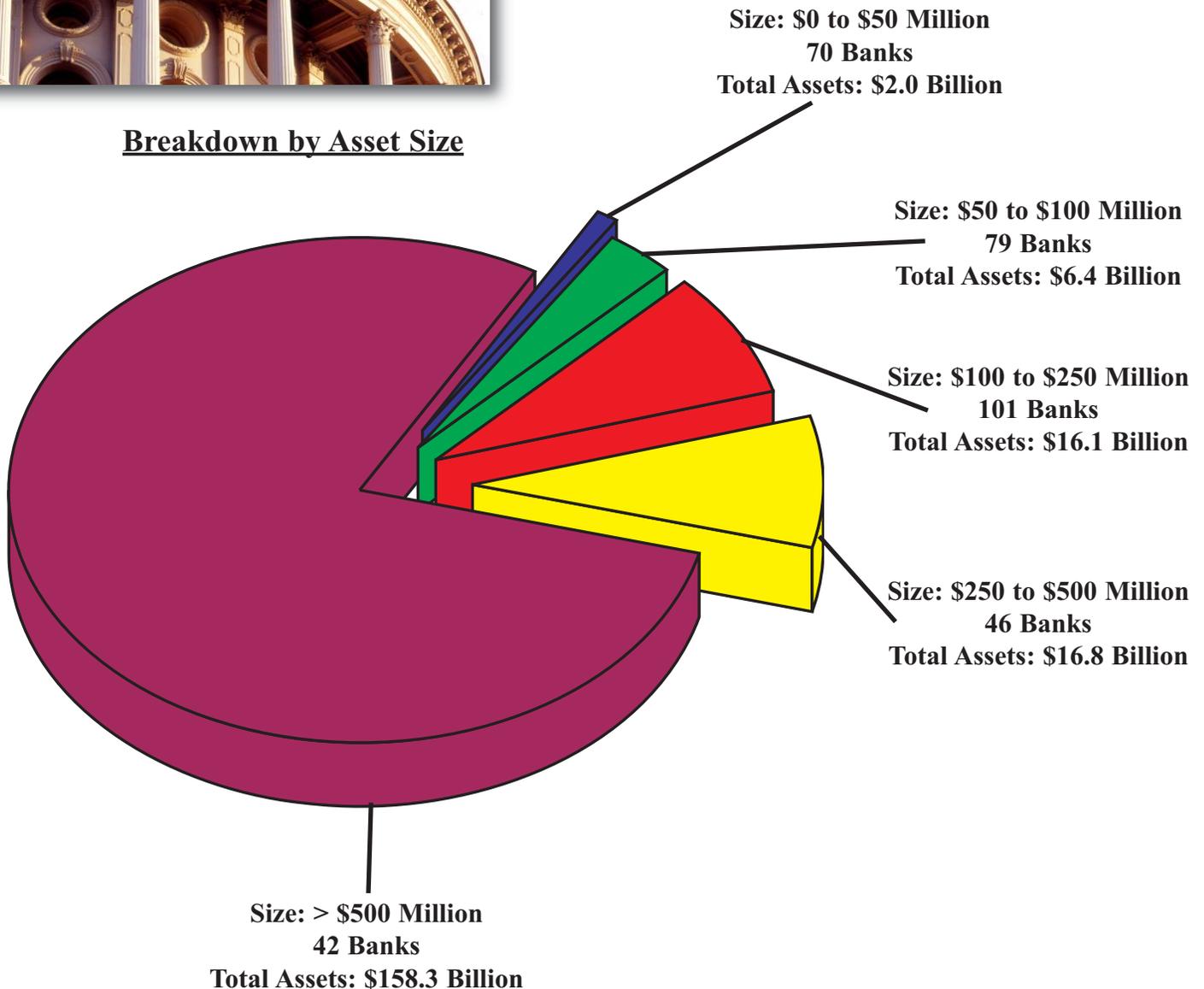
Linda Studer ACP is a paralegal at Jackson Walker, LLP in San Antonio and is a member of the Professional Development Committee.



Financial Information on State-Chartered Banks Operating in Texas*

By: Size, Number, and Total Assets

Breakdown by Asset Size



* Includes all State Banking Activity - Total Assets of \$199.6 Billion
Information as of December 2009



Banker Survey Results

As a part of an onsite effort to improve the examination and examination report processes, the Commissioner has been soliciting input regarding the supervision provided by the Texas Department of Banking. The goal of the survey is to help target areas for improvement, as well as to identify what parts of the existing process are working well.

Thirty to forty-five days after each examination, the Department mails a Commissioner's Post Examination Survey to the bank so that management can evaluate several aspects of our examination process. Completed surveys are returned directly to the Commissioner for his review before being distributed to staff for further analysis. Either the Commissioner or Deputy Commissioner directly contacts a bank about negative responses or upon direct request.

The survey contains 21 questions covering three areas: the examination process, examination reports, and the examination scope and correspondence. Respondents may select from the following choices for each question: (1) strongly agree, (2) agree, (3) disagree, and (4) strongly disagree. Consolidated data is presented as a percentage of the total number of respondents.

The 2009 fiscal year survey response rate is 66.7%, with 180 respondents out of the 270 mailed instruments. Almost all responses reflect either "strongly agree" or "agree", indicating that the managers of our supervised entities are generally pleased with the professionalism of our staff and the quality of the examination process. The 2008 fiscal year survey response rate was 72.8%, with 174 respondents out of the 239 mailed instruments.

COMMISSIONER'S BANKING EXAMINATION SURVEY RESULTS COMPARISON 2008 TO 2009

180 Responses or 66.7% Response Rate - 2009
174 Responses or 72.8% Response Rate - 2008

CONSOLIDATED ALL REGIONS, TRUST & IT

I. EXAMINATION PROCESS

1. The scope and goals of examinations were clearly communicated to management prior to the start of the examination.

# of Responses	Year	Strongly Agree	Agree	Disagree	Strongly Disagree	Yes	No Opinion
180	2009	68%	32%				
174	2008	69%	30%	1%			

2. Examiner requests for information prior to and during examinations were timely and reasonable.

180	2009	64%	35%		1%		
174	2008	64%	35%				1%

3. The Examiner-in-Charge and the examination team acted in a professional and courteous manner during the examination.

180	2009	82%	17%				1%
174	2008	82%	17%	1%			

4. Examiners adequately communicated with management throughout the examination.

180	2009	68%	30%	1%			1%
174	2008	67%	30%	1%			2%

5. Examiners appear to be informed of current industry issues and were adequately trained to examine the institution.

180	2009	63%	35%	1%			1%
174	2008	64%	34%	1%			1%

6. In what areas, if any, do you feel examiners need additional training or education? Attach additional paper if necessary.

180	2009						
174	2008						

Banker Survey Results (cont.)

	# of Responses	Year	Strongly Agree	Agree	No / Disagree	Strongly Disagree	Yes	No Opinion
7. Examiners remain focused on key issues confronting your institution.	180	2009	61%	38%				1%
	174	2008	60%	38%	1%			1%
8. The examiners clearly and effectively communicated their findings and concerns at the board and exit meetings.	180	2009	75%	24%				1%
	174	2008	72%	26%	2%			
9. Conclusions regarding the company's condition were well-supported.	180	2009	61%	38%	1%			
	174	2008	68%	30%	1%			1%
10. Recommendations for corrective actions were reasonable.	180	2009	57%	41%				2%
	174	2008	55%	37%	2%			6%
11. Did any events or comments take place during the examination that you felt were surprising, unfair, unreasonable, or not in conformance with examination policy?	180	2009	96%				2%	2%
	174	2008	81%				6%	13%
			NO				YES	

II. EXAMINATION REPORTS

	# of Responses	Year	Strongly Agree	Agree	Disagree	Strongly Disagree	Yes	No Opinion
1. The report of examination was received in a timely fashion.	180	2009	68%	27%	3%	1%		1%
	174	2008	68%	28%	2%	1%		1%
2. The new condensed report of examination clearly communicated examination findings and provided useful information.	180	2009	69%	28%	1%			2%
	174	2008	72%	27%				1%
3. The tone and content of the report of examination was consistent with the board or exit meetings.	180	2009	69%	28%	1%			2%
	174	2008	72%	26%	1%	1%		

III. EXAMINATION SCOPE AND CORRESPONDENCE

	# of Responses	Year	Strongly Agree	Agree	Disagree	Strongly Disagree	Yes	No Opinion
1. The examination was conducted without placing an undue burden on the institution.	180	2009	56%	43%	1%			
	174	2008	53%	43%	3%			1%
2. The on-site time frame for the examination was reasonable.	180	2009	63%	34%	2%			1%
	174	2008	58%	38%	2%	1%		1%
3. Examiners' use of the PREP program (wherein a portion of the examination was performed off-site) worked well and saved time.	180	2009	67%	30%	2%			1%
	174	2008	67%	29%	1%			3%
4. Examiners' use of an automated line sheet program worked well and saved time.	180	2009	22%	22%				56%
	174	2008	23%	18%				59%
5. Regional office and headquarters staff are accessible.	180	2009	67%	31%				2%
	174	2008	69%	28%				3%
6. Regional office and headquarters staff provided timely and accurate feedback/answers.	180	2009	64%	31%	1%			4%
	174	2008	68%	29%				3%
7. Correspondence regarding routine business matters has been handled in a prompt and effective manner.	180	2009	68%	29%		1%		2%
	174	2008	69%	29%				2%



SPECIAL AUDITS

Overview, Examination and Staffing Activity

The Special Audits Division faced many challenges and changes in 2009. One of the major events that occurred in 2009 was the implementation of House Bill (HB) 3762, which included significant revisions to prepaid funeral regulations in Chapter 154 of the Texas Finance Code (Finance Code).

Additionally, the Department encountered several problem entities which required additional time and resources to ensure they achieved regulatory compliance. A significant factor in the rise of problem entities, both licensed and unlicensed, was attributed to the economic downturn.

The MSB industry continues to evolve as new business plans, products and services are developed by companies trying to gain an edge over competitors. Consequently, a considerable amount of

time and resources to research these new business plans and structures must be allocated. Further complicating the Division's research is the fact that every business plan is different. There are enough subtle variances from plan to plan, that a previous decision on a particular business model can not be relied upon and each plan has to be reviewed on a case-by-case basis. The Division also continues to be challenged with internet companies offering money transmission with no physical presence in Texas, since it is very difficult to enforce any action against a foreign entity.

PFC/PCC Regulatory Amendments

As a result of issues previously identified regarding the regulation of insurance-funded PFCs, the Department with the help of various industry and consumer representatives, initiated amendments to Chapter 154 of the Finance Code. The Department's goal was to ensure that the contracted funeral provider performs the funeral service as outlined in the prepaid funeral contract at no additional charge to the family.

Number of Full-time Employees as of 12/31/09

18.5 Total

5.5 MSB
8 PFC/PCC

As of 11/30/09

PFC Permit Holders
410

PCC License Holders
244

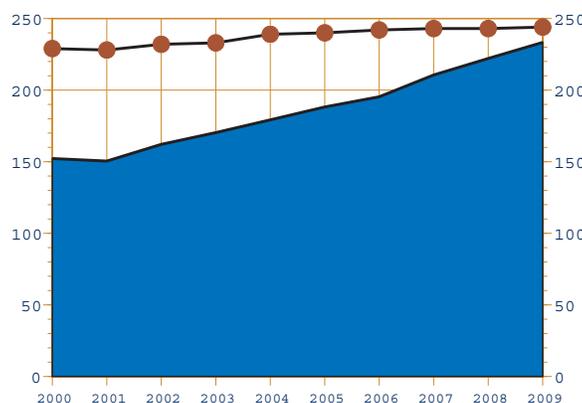
MSB License Holders
129

Perpetual Care Cemeteries

Year Millions

2000	\$152.2
2001	\$150.4
2002	\$162.1
2003	\$170.3
2004	\$179.2
2005	\$188.2
2006	\$195.3
2007	\$210.6
2008	\$222.1
2009	\$233.3

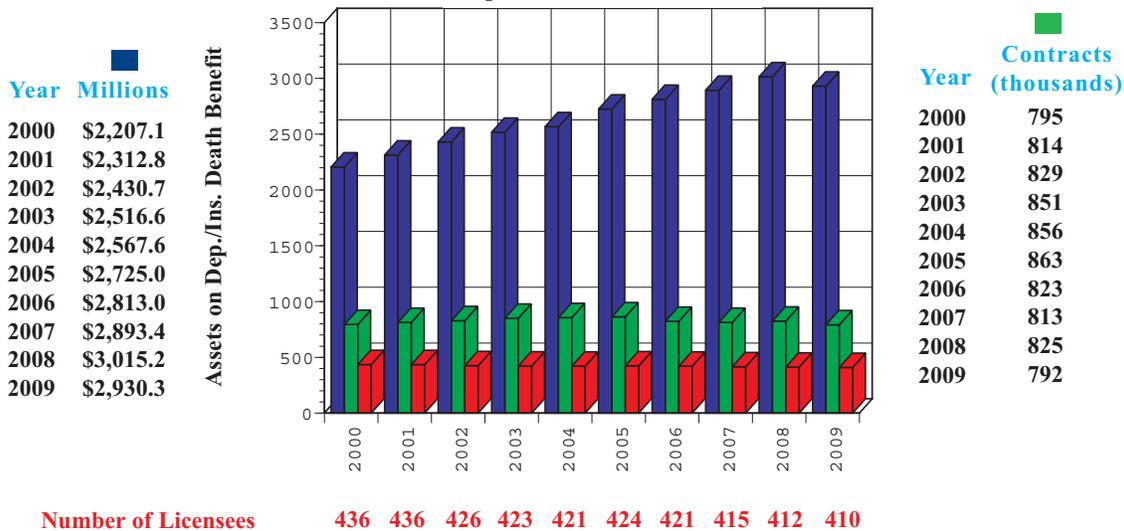
Trust Assets in \$Millions



Year Licensees

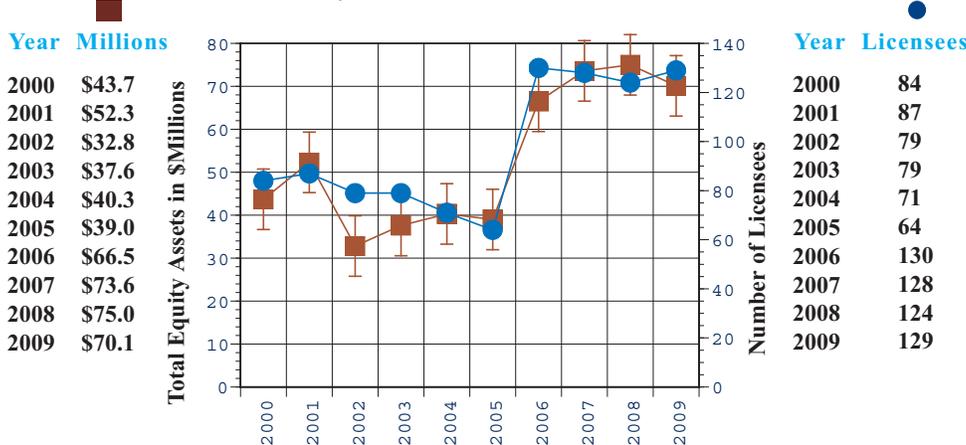
2000	229
2001	228
2002	232
2003	233
2004	239
2005	240
2006	242
2007	243
2008	243
2009	244

Prepaid Funeral Contracts



Number of Licenses: 436 436 426 423 421 424 421 415 412 410

Money Service Business Trends



With the help and feedback from the industry and consumer groups, the Texas Legislature enacted HB 3762 which was designed to reform and enhance prepaid funeral regulation in Texas. The primary objective of HB 3762 was to reform the regulatory scheme governing insurance-funded contracts and permit holders selling such contracts, however, every permit holder has been affected to some degree.

A few highlights from the legislation that became effective September 1, 2009, include:

- Qualitative standards for issuance of new permits and renewal of existing permits;

- Elective addition of non-guaranteed cash advance items to prepaid funeral benefits contracts;
- Increased oversight in the transfer of an existing permit holder's business;
- Expansion of the prepaid funeral contract guaranty fund to guarantee the insurance-funded permit holders obligations; and
- Creation of an Insurance Advisory Committee to review and make recommendations the Department

Other changes included in HB 3762 that became effective on June 1, 2010, include:

- Extension of the regular examination cycle to 18 months for permit

Preneed Funeral Contract (PFC) sellers Any person who sells or accepts money or premiums for preneed funeral contracts that are funded through trusts and insurance products.

Perpetual Care Cemeteries (PCC) Any corporation that operates a for-profit cemetery, except for cemeteries that are owned and operated by municipalities, cities, churches, and other nonprofit organizations.

Money Services Businesses (MSB) Any entity that conducts currency exchange or money transmission activities, including selling or issuing stored value or payment instruments, third-party bill paying services and receiving money or monetary value for transmission.

SPECIAL AUDITS

holders rated as satisfactory;

- Development of a Departmental examination manual; and
- Creation of a general information brochure for consumers describing prepaid funeral benefits regulation and funding options

Overall, we believe HB 3762 improves the overall prepaid funeral regulation in Texas.

The Texas Legislature also enacted HB 1031, which amended the definition of perpetual care. Section 712.007(c) of the Texas Health and Safety Code was amended to specifically reference that cemetery property roads are included in the definition of perpetual. As a result, all cemetery sales contracts, certificate of ownership forms and any other cemetery contracts issued after September 1, 2009, had to include the revised definition.

Division Outreach Efforts

The Department continues to be committed to participating in outreach programs and as a result, several presentations to the various regulated industries were given in 2009 by our Division. Presentations were given at the annual Texas Cemetery Association Conference and the Waco Vital Statistics Education Seminar in April 2009 with a focus on compliance with prepaid funeral and perpetual care cemetery laws and regulations. In June 2009, a prepaid funeral presentation was given at the Texas Funeral Directors Association Annual Convention.

The Division also staffed a booth at this conference, providing a forum for communication exchange and an opportunity to disseminate information on

important regulatory updates to the industry. In both April and October 2009, the Department gave presentations on PFC regulations at the Texas Funeral Service Commission (TFSC) Continuing Education Symposiums. The Department is also an active member of the North American Cemetery Regulators Association (NCRA) who is dedicated to the efficient and effective regulation of the death care industry in the United States and Canada. In September 2009, Texas served as president of this organization and hosted the organization's annual conference.

The Division continues to actively participate in regulatory activities with the TFSC and the Texas Department of Insurance (TDI) through a Joint Memorandum of Understanding. As a result of the increase in defalcation activity and unlicensed activity, more than ever, the cooperation with these two state agencies has proven to be vital in our supervision and regulation of PFC sellers. The Special Audits Division has worked closely with TDI on matters affecting licensed insurance-funded PFC sellers. Likewise, we frequently work with the TFSC on matters regarding funeral homes who have failed to adhere to applicable rules and regulations.

The Department continues to be very active in the Money Transmitter Regulators Association (MTRA) and holds an officer and board positions. As a lead state in MTRA, our MSB examiners have served as the Examiner-In-Charge of multi-state examinations of large complex license holders. The Division continues to take the lead on various issues regarding the licensing and supervision of MSB entities.

For example, as allowed by Supervisory Memorandum Number 1024, the agency can accept another MTRA member state's report of examination of low risk license holders in lieu of performing an MSB examination. The goal is to lessen the regulatory burden on license holders who are licensed and examined by multiple states. Limited off-site examination procedures are performed by the Division to further evaluate the license holder's overall condition.

The Department continues to cooperate with the Internal Revenue Service (IRS) and Financial Crimes Enforcement Network (FinCEN) on various issues. For example, in October 2009, all of the Department's MSB examiners attended training regarding the implementation of the MSB Bank Secrecy Act / Anti-Money Laundering Examination Manual (MSB Manual). Also in August 2009, the Department met with FinCEN representatives to discuss upcoming proposed federal rules regarding stored value cards. Deputy Commissioner Stephanie Newberg continued to participate in FinCEN's Bank Secrecy Act Advisory Group representing the State of Texas and was named Co-Chair of the Non-Bank Financial Institutions Sub-Committee. This group is primarily comprised of various federal and state regulators who meet periodically in Washington, D.C. to discuss current Bank Secrecy Act issues affecting banks and MSBs.

Non-Compliance Matters

The Department has seen an increase in the amount of illegal activity by our licensed entities and unlicensed entities. Related to MSBs, numerous complaints have

been received from consumers stating that funds to be remitted were not transmitted as promised. Several enforcement actions were initiated from these complaints.

Several licensed MSBs have been impacted by the current economic downturn and as a result, their financial condition has suffered. This has led to some MSBs surrendering their license while forcing others to make capital contributions to meet statutory net worth requirements.

In regard to the PFC/PCC industry, there has been an increase in the number of licensed entities failing to comply with applicable laws. There has been an increase in the number of cemeteries failing to order and deliver markers/monuments as required. Marker/monument sales is an area that is vulnerable to abuse by cemeteries facing financial difficulties since it is easy for the cemetery to collect funds from the consumer and then fail to remit the corresponding funds to the manufacturer.

More and more, we have received consumer complaints regarding the sale of illegal PFCs by unlicensed funeral homes. Furthermore, we have experienced an increase in the number of funeral homes closures which can leave consumers without a servicing funeral provider. Most of these closures have involved funeral homes that are agents of insurance-funded permit holders. The Department is doing everything possible within our regulatory structure to help these consumers secure a successor funeral provider.

Below are some examples of supervisory action and regulatory enforcement the Department initiated in 2009 in an effort to obtain compliance from various entities.

- On March 18, 2009, the Department seized the prepaid funeral records and funds of Lone Star Mortuary located in Dallas, Texas. This action was necessary as a result of the funeral home going out of business.

- On May 7, 2009, the Department issued a Cease and Desist and Seizure Order against



Lonnie J. Turner, Jr., owner of Jones Funeral Home a licensed PFC seller in Navasota, Texas, for failing to renew the seller's permit and pay the required renewal fees.

- On June 10, 2009, TDI through cooperation with the Department placed Texas Memorial Life Insurance Company, Memorial Administrators, LLC d/b/a Texas Memorial Administrators, LLC and TME Holdings, Inc., an insurance-funded PFC permit holder, into permanent receivership for the purposes of liquidation.

Funeral homes are still obligated to honor the PFCs.

- On October 20, 2009, the Department issued a Cease and Desist Order against San Patricio Memorial Gardens, Inc. (San Patricio), a PCC located in Portland, Texas instructing San Patricio to cease and desist from selling any new markers or monuments to consumers. The Order was necessary because of San Patricio's continued failure to timely order and set markers and/or monuments purchased and paid for by consumers.

- In November 2009, the Department assumed custody of the records and funds related to PFCs sold by Gordon-Foster-Brown Funeral Home, located in Athens, Texas. The funeral home closed due to foreclosure on November 15, 2009.

- On December 4, 2009, the Department issued a Cease and Desist and Seizure Order against Walker-Mora Funeral Home, Inc. (Walker-Mora), located in Alice, Texas. Walker-Mora violated Chapter 154 of the Finance Code by failing to properly deposit monies collected from the sale of trust-funded PFCs and for repeated failure to correct cited violations of the Finance Code.

The Division fully anticipates further use of supervisory and regulatory enforcement actions against licensed and/or unlicensed entities in 2010.

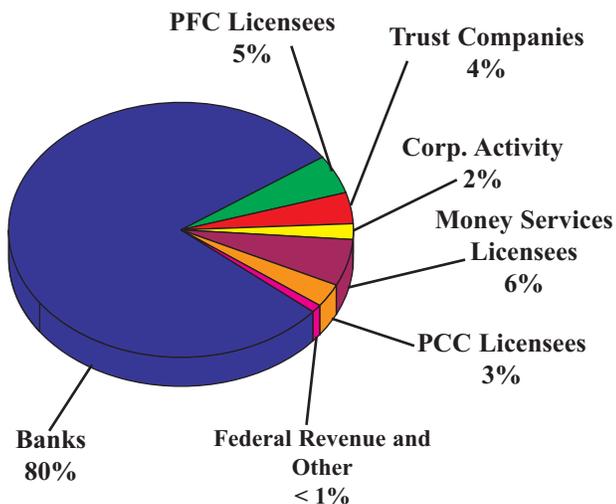
UNAUDITED

TEXAS DEPARTMENT OF BANKING (451)

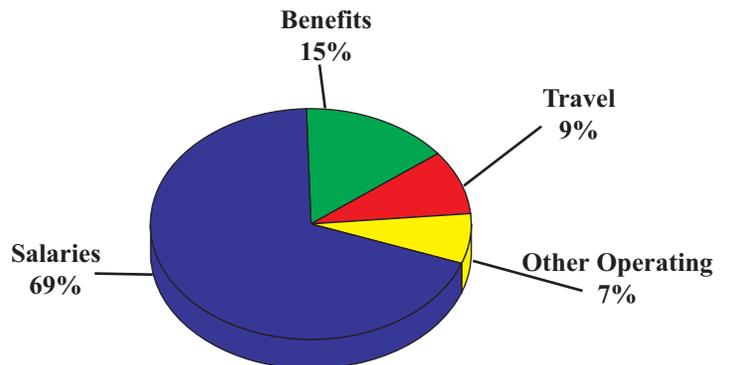
For the Fiscal Year Ended August 31, 2009

	<u>Governmental Funds Total</u>
EXPENDITURES:	
Salaries and Wages	\$12,243,072.15
Payroll Related Costs	2,732,771.78
Travel	1,622,258.69
Other Expenditures	279,205.88
Materials and Supplies	277,902.41
Rentals and Leases	225,253.01
Repairs and Maintenance	190,667.89
Communications and Utilities	156,570.52
Professional Fees and Services	94,774.37
Capital Outlay	31,249.86
Printing and Reproduction	18,112.40
Total Expenditures	<u>\$17,871,838.96</u>

2009 Collected Revenues

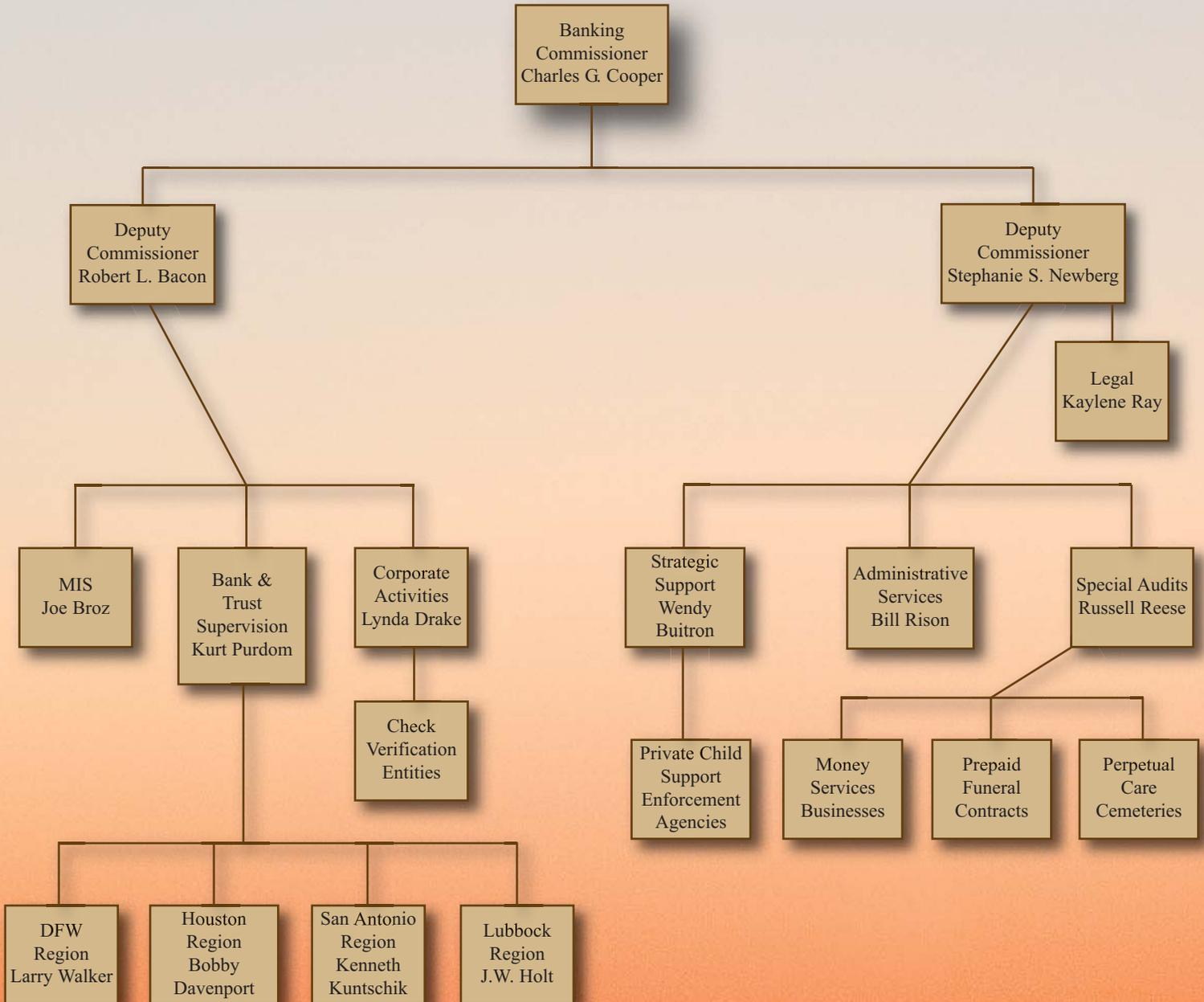


2009 Expenses



Department of Banking Organizational Chart

December 2009



Statement of Financial Condition

State-Chartered Banks Operating in Texas*

(in millions)

	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006
NUMBER OF INSTITUTIONS	338	350	348	339
ASSETS				
Interest Bearing Balances	\$ 9,362	\$ 4,074	\$ 898	\$ 830
Federal Funds Sold	1,755	1,891	3,652	3,386
Trading Accounts	490	774	292	1
Securities	34,847	35,698	29,189	22,751
Total Loans	102,455	108,746	105,322	47,885
Less: Allowance for Loan Losses	(1,841)	(1,429)	(1,129)	(531)
Premises and Fixed Assets	2,843	2,733	2,638	1,808
Other Assets	13,039	12,189	13,430	7,780
Texas Assets of Out-of-State State-Chartered Banks	36,686	28,108	15,240	16,265
Total Assets	\$199,636	\$192,784	\$ 169,532	\$ 100,175
LIABILITIES AND CAPITAL				
Total Deposits	\$ 124,320	\$ 118,491	\$ 116,643	\$ 66,349
Federal Funds Purchased & Repos	3,789	4,795	5,255	2,645
Trading Liabilities	409	662	257	0
Other Borrowed Funds	13,581	20,413	10,687	4,469
All Other Liabilities	3,785	4,232	4,338	666
Equity Capital	17,066	16,083	17,112	9,781
Liabilities and Capital of Out-of-State State-Chartered Banks	36,686	28,108	15,240	16,265
Total Liabilities and Equity Capital	\$199,636	\$192,784	\$169,532	\$100,175
RATIOS				
Yield on Earning Assets	4.71%	5.70%	7.07%	6.44%
Net Interest Margin	3.50%	3.63%	4.02%	3.95%
Return on Assets	0.69%	0.70%	1.22%	1.20%
Net Charge-offs to Loans	1.23%	0.61%	0.24%	0.19%
Assets Per Employee (\$million)	4.44	4.60	4.18	3.28
Loss Allowance to Loans	1.80%	1.31%	1.07%	1.11%
Equity Capital to Assets	10.47%	9.77%	11.09%	11.66%
Total Risk-Based Capital Ratio	14.19%	12.65%	12.20%	13.93%

*Texas State-Chartered Banks and Out-of-state State-Chartered Banks

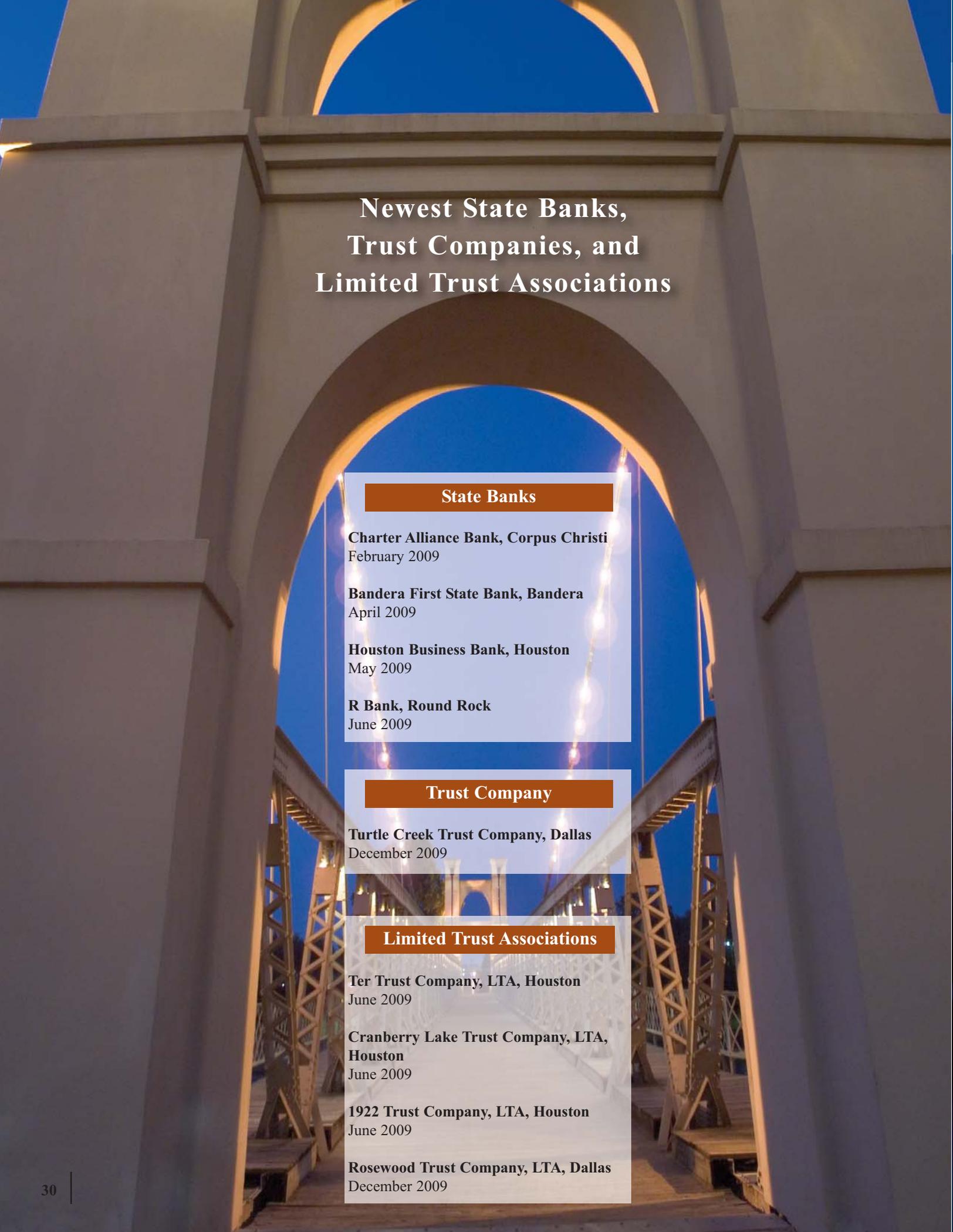
Statement of Income

Texas Chartered State Banks

(in thousands)

	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006
INTEREST INCOME				
Loans	\$ 5,379,709	\$ 6,399,914	\$ 7,709,719	\$ 3,395,545
Lease Receivables	64,400	36,467	70,097	28,372
Due From Depository Institutions	48,333	37,165	41,250	36,573
Securities	1,454,489	1,424,158	1,274,466	924,604
Trading Assets	1,260	1,247	3,609	709
Federal Funds Sold	7,978	63,648	208,601	158,818
<i>Total Interest Income</i>	6,956,169	7,962,599	9,307,742	4,544,621
INTEREST EXPENSE				
Deposits	1,446,326	2,161,434	3,188,302	1,402,889
Federal Funds Purchased	75,401	152,289	238,544	118,987
Borrowings	193,599	486,296	454,128	229,991
Subordinated Notes	66,374	99,214	138,556	4,571
<i>Total Interest Expense</i>	1,781,700	2,899,233	4,019,530	1,756,438
Net Interest Income	5,174,469	5,063,366	5,288,212	2,788,183
Provision for Loan Loss	1,707,904	978,040	332,418	95,320
NONINTEREST INCOME				
Service Charges on Deposit Accts.	701,666	691,715	701,275	428,647
Other Noninterest Income	1,696,622	1,234,555	1,206,066	456,828
<i>Total Noninterest Income</i>	2,398,288	1,926,270	1,907,341	885,475
NONINTEREST EXPENSE				
Salaries and Benefits	2,552,606	2,440,324	2,429,020	1,265,302
Premises and Equipment	668,655	618,331	581,497	353,868
All Other Noninterest Expense	1,581,414	1,536,480	1,404,775	716,247
<i>Total Noninterest Expense</i>	4,802,675	4,595,135	4,415,292	2,335,417
Pre-Tax Net Operating Income	1,062,178	1,416,461	2,447,843	1,242,921
Securities Gains/(Losses)	330,203	(23,679)	(9,936)	(4,658)
Applicable Income Taxes	(263,139)	(310,987)	(656,270)	(287,411)
Extraordinary Gains - Net	1,572	934	4,258	(4,277)
NET INCOME	\$ 1,126,577	\$ 1,082,729	\$ 1,785,895	\$ 946,575

Note: This chart does not include Out-of-State State-Chartered Banks.



Newest State Banks, Trust Companies, and Limited Trust Associations

State Banks

Charter Alliance Bank, Corpus Christi
February 2009

Bandera First State Bank, Bandera
April 2009

Houston Business Bank, Houston
May 2009

R Bank, Round Rock
June 2009

Trust Company

Turtle Creek Trust Company, Dallas
December 2009

Limited Trust Associations

Ter Trust Company, LTA, Houston
June 2009

**Cranberry Lake Trust Company, LTA,
Houston**
June 2009

1922 Trust Company, LTA, Houston
June 2009

Rosewood Trust Company, LTA, Dallas
December 2009

Newest Money Services Businesses and Prepaid Funeral Contract Entities

Money Services Businesses

nFinanSe Payments, Inc., Tampa, Florida
January 2009

Reulet, LLC dba Melek Multi-Services, El Paso
January 2009

Universal Data Consultants, Inc., Davie, Florida
July 2009

Prepaid Funeral Contract Entities

Robles Mortuaries, Inc., Del Rio
March 2009

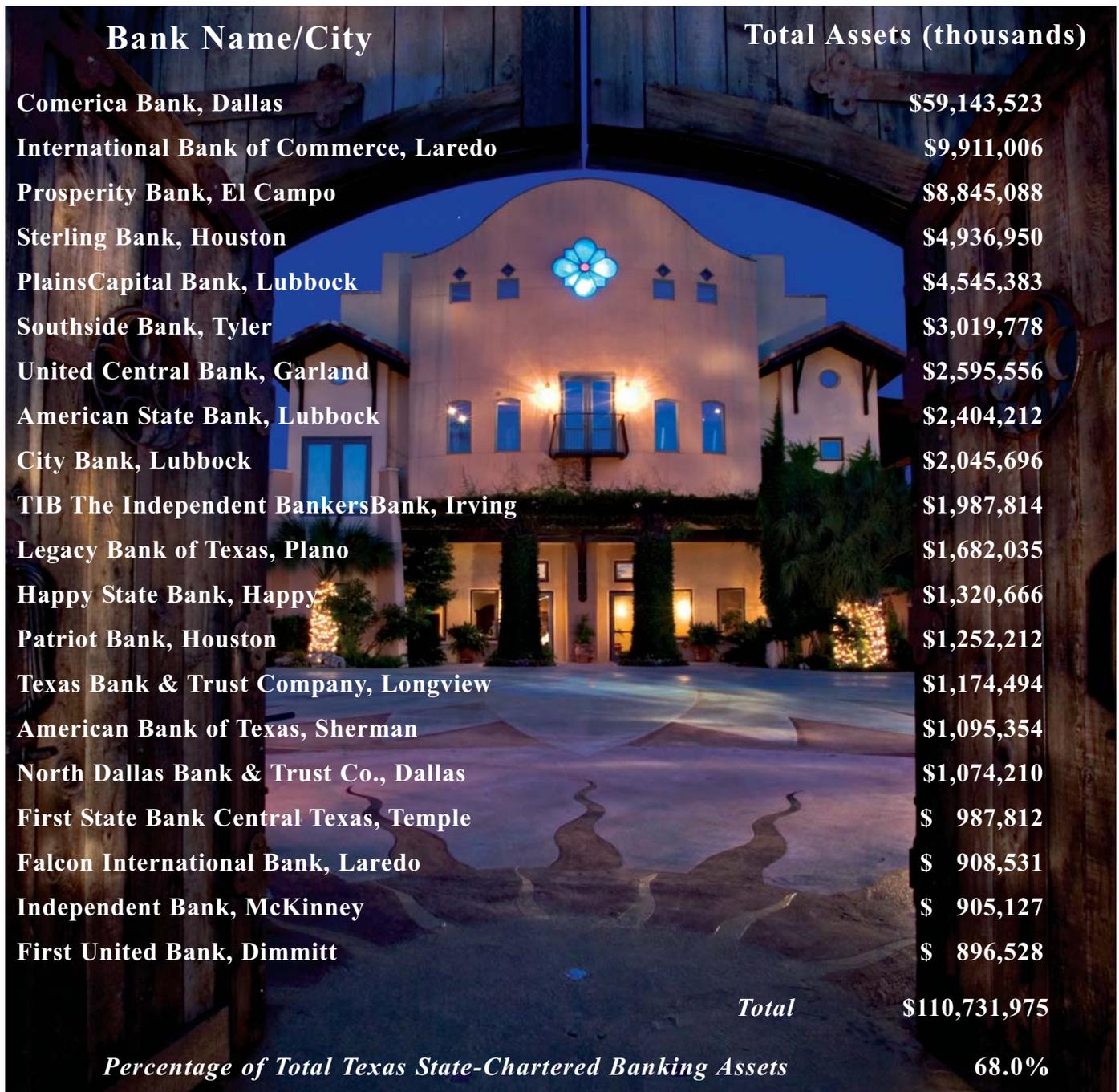
B.E. Hawkins & Son Funeral Home, Decatur
May 2009

Crawford-A. Crim Funeral Home LLC, Henderson
August 2009

Greenlawn Gardens Cemetery, Inc., Port Lavaca
November 2009

Top 20 Largest Texas State-Chartered Banks

December 2009



Bank Name/City	Total Assets (thousands)
Comerica Bank, Dallas	\$59,143,523
International Bank of Commerce, Laredo	\$9,911,006
Prosperity Bank, El Campo	\$8,845,088
Sterling Bank, Houston	\$4,936,950
PlainsCapital Bank, Lubbock	\$4,545,383
Southside Bank, Tyler	\$3,019,778
United Central Bank, Garland	\$2,595,556
American State Bank, Lubbock	\$2,404,212
City Bank, Lubbock	\$2,045,696
TIB The Independent BankersBank, Irving	\$1,987,814
Legacy Bank of Texas, Plano	\$1,682,035
Happy State Bank, Happy	\$1,320,666
Patriot Bank, Houston	\$1,252,212
Texas Bank & Trust Company, Longview	\$1,174,494
American Bank of Texas, Sherman	\$1,095,354
North Dallas Bank & Trust Co., Dallas	\$1,074,210
First State Bank Central Texas, Temple	\$ 987,812
Falcon International Bank, Laredo	\$ 908,531
Independent Bank, McKinney	\$ 905,127
First United Bank, Dimmitt	\$ 896,528
<i>Total</i>	\$110,731,975
<i>Percentage of Total Texas State-Chartered Banking Assets</i>	68.0%

Top 10 Largest Texas State-Chartered Trust Companies

December 2009

Trust Company Name/City	Total Assets (thousands)
Hand Benefits & Trust Company, Houston	\$ 3,446,601
The Houston Trust Company, Houston	\$ 2,554,494
Westwood Trust, Dallas	\$ 2,055,893
Kanaly Trust Company, Houston	\$ 1,489,447
Sentinel Trust Company, L.B.A., Houston	\$ 1,478,962
Salient Trust Co., LTA, Houston	\$ 1,357,036
Woodway Financial Advisors, Houston	\$ 1,183,229
Austin Trust Company, Austin	\$ 1,029,342
Investors Trust, Inc., Dallas	\$ 743,403
Turtle Creek Trust Company	\$ 604,534
<i>Total</i>	<i>\$15,942,941</i>
<i>Percentage of Total Texas State-Chartered Trust Assets</i>	<i>92.8%</i>

Awards and Recognitions Staff Certifications

Through December 2009

Department Employees
with over 10 years of Service

Wendy Buitron
Luther Edwards
Demetra Ellis
Paul Gibbins
Mary Jaco
LeVerne Johnson
Deborah Loomis
Corina Moreno
Mary Pauwels
Linda Pearson
David Reed
Catherine Richards
Rebecca Rychlik-Adams
Mark Sims
Hilda Tovar
Anita Villarreal
Nathan Vogt
Barbara Winters
Kevin Wu

Department Employees
with over 15 years of Service

Mary Ates
Doug Austin-Weeks
Grace Bartsch
Joe Becker
Kyle Bengtson
Elizabeth Cogwin
Lewis Compton
Lynda Drake
Carolyn Hendricks
Vance Ivie
Melvin Jackson
John Johnson
Angela Manzo
Dale McKenzie
Brenda Medina
Stephanie Newberg
Kaylene Ray
Javier Reyes
Bill Rison
Marilyn Sebade
Loren Svor
Carol Weaver
Clara Zamarripa

Department Employees
with over 20 years of Service

Tony Adekoya
Mike Bothe
Amy Chavez
Bobby Davenport
Charles Harrell
Phillip Hinkle
J.W. Holt
Everett Jobe
Mark LaPlante
Philip Lena
Nancy Love
Jaime Oliveira
Russell Reese
Chris Robinson
Gilbert Sepulveda
Carolyn Shaw
Julie Sisk
Carolyn Smith
Phyllis Teeple
James Yarbro

Department Employees
with over 25 years of Service

Robert Bacon
Allen Barr
Joe Broz
Bert Gonzalez
William Hastings
David Munn
Elise Myers
Kurt Purdom
Larry Walker
Mark Walker

We are extremely proud of our staff, which through their dedication and hard work has allowed the Department to achieve the status it enjoys today.

Department Employees
with over 30 years of Service

Larry Craddock
Bob Giddings
Dennis Lebo
Carrie Lemke
Georgia Steen
Carri Whitfield

Finance Commission Members

W.J. (Bill) White
Chair
(Consumer Credit Executive)

Darby Byrd
(Savings Executive)

David J. Cibrian
(Public Member)

Riley Couch
(Banking Executive)

Stacy G. London
(Mortgage Broker Executive)

Cindy F. Lyons
(CPA/Public Member)

Lori B. McCool
(Public Member)

Jonathan B. Newton
(Public Member)

Paul Plunket
(Public Member)

Senior Staff

Charles G. Cooper
Bank Commissioner

Robert L. Bacon
Deputy Commissioner

Stephanie Newberg
Deputy Commissioner

Kurt Purdom
Director - Bank & Trust

Lynda Drake
Director - Corporate Activities

Russell Reese
Director - Special Audits

Kaylene Ray
General Counsel

William Rison
Director - Accounting/Staff
Services

Wendy Buitron
Director - Strategic Support

Joe Broz
Director - MIS

Headquarters

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