



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act
Performance Evaluation

Bank of Texas, National Association
Charter Number: 24082

7600 West Northwest Highway
Dallas, TX 75225

Office of the Comptroller of the Currency

Midsized Bank Supervision
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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

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

The following table indicates the performance level of **Bank of Texas, National Association (BOT)** with respect to the Lending, Investment, and Service Tests:

| Performance Levels | Bank of Texas, National Association Performance Tests | | |
|---------------------------|--|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | X | |
| High Satisfactory | X | | X |
| Low Satisfactory | | | |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- A majority of BOT's loans were originated within the bank's assessment areas.
- BOT originated a significant volume and dollar amount of community development loans during the evaluation period. This, combined with innovative and flexible products, has a positive impact on the Lending Test rating.
- The overall distribution of loans by the income levels of the geography and borrower is adequate.
- The bank has a high level of community development investments and has taken an active role in creating investment opportunities.
- Delivery systems are accessible to individuals and businesses of different income levels throughout the bank's assessment areas.
- Community development services support BOT's other community development efforts and address community needs.

Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division (MD): As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an

employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

Upper-Income: Individual income that is 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.

Description of Institution

Bank of Texas, N.A. (BOT) is a wholly-owned subsidiary of BOK Financial Corporation (BOKF), a multi-bank holding company headquartered in Tulsa, Oklahoma. As of December 31, 2005, BOT reported total assets of \$3.5 billion, Tier 1 Capital of \$252 million, and a loan-to-deposit ratio of approximately 65 percent. BOKF also owns banks in Oklahoma (Bank of Oklahoma, N.A.), Arkansas (Bank of Arkansas, N.A.), New Mexico (Bank of Albuquerque, N.A.), Colorado (Colorado State Bank and Trust, N.A.), and Arizona (Bank of Arizona, N.A.). BOKF engages in mortgage activities through the affiliated Bank of Oklahoma (BOK) Mortgage Division. These activities include the origination, marketing, and servicing of conventional and government-sponsored mortgage loans. The mortgage loans originated by BOK Mortgage that are located in BOT's primary market area are credited to BOT for the evaluation of CRA performance.

BOT is an intrastate bank with 4 assessment areas (AA's) within the state of Texas. These are as follows: the Dallas Region consisting of two counties (Dallas and Collin) within the Dallas-Plano-Irving MD; the Houston Region consisting of two counties (Harris and Ft. Bend) within the Houston-Sugar Land-Baytown MD; Tarrant County within the Ft. Worth-Arlington MD; and Grayson County within the Sherman-Denison MSA.

The bank offers a full range of banking products and related financial services through its branch network within the state of Texas. BOT operates 37 banking offices and 45 automated teller machines (ATMs) throughout the state of Texas. BOT has 12 stand-alone branches and 4 supermarket branches in the Dallas Region, 10 stand-alone branches and 4 supermarket branches in the Houston Region, 3 stand-alone branches and 2 supermarket branches in Tarrant County, and 1 stand-alone branch and 1 supermarket branch in Grayson County.

The bank's business strategy focuses on real estate and commercial lending activities. Lending products include a variety of commercial, real estate, and consumer loan products. The bank also offers a wide array of retail and commercial deposit products. As of December 31, 2005, net loans represent approximately 55 percent of average assets with commercial and commercial real estate loans accounting for 68 percent of the loan portfolio. Consumer and residential real estate lending account for 5 percent and 11 percent of the portfolio, respectively. As is customary in the banking industry, the majority of the real estate mortgage loans originated by an affiliate for BOT are sold into the secondary market. There are no significant financial or legal barriers limiting BOT's ability to help meet the identified credit needs of its AA's. The bank is financially capable of meeting almost any request for credit, subject to certain legal restrictions applicable to all national banks.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. In evaluating the bank's lending performance, we reviewed their residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA), small loans to businesses and farms, and community development (CD) loans. With the exception of CD loans, the evaluation period for the Lending Test is January 1, 2002 through December 31, 2005. For CD loans, Investment, and Service Tests, the evaluation period is April 16, 2002 through May 28, 2006. The Investment Test includes a review of investments, grants, and donations made in the bank's AA's that meet the definition of community development investments. The Service Test includes a review of retail and community development services provided in the bank's AA's.

Conclusions regarding the Lending Test are based on the bank's results over three distinct time periods (i.e. 2002, 2003, and 2004 through 2005). This is necessary due to changes in the census data and MSA designations in 2002 and 2003. The 2002 lending data is evaluated using the 1990 Census demographics, while 2003 forward is evaluated using the 2000 Census demographics. Appendix C contains tables reflecting only the data from 2004 through 2005 as it is considered reflective of the bank's overall performance. Also, greater weight was given to this performance since it more closely reflects the bank's current performance context. The impact of performance from 2002 and 2003 is noted in the narrative comments.

Data Integrity

Prior to this CRA examination, we verified the accuracy of data available to the public in accordance with the HMDA and CRA regulation. This public data included home mortgage purchase, refinance, improvement, and multifamily loans; and small loans to businesses and farms. We also verified the bank's reporting of community development loans, investments and services. Based on the results of our review, we considered the lending data to be materially accurate.

Selection of Areas for Full-Scope Review

As noted, BOT has currently designated 4 AA's within the state of Texas. These are the Dallas Region consisting of two counties (Dallas and Collin) within the Dallas-Plano-Irving MD; the Houston Region consisting of two counties (Harris and Ft. Bend) within the Houston-Sugar Land-Baytown MD; Tarrant County within the Ft. Worth-Arlington MD; and Grayson County within the Sherman-Denison MSA. For purposes of this evaluation, we performed full-scope reviews for two of the bank's AA's: the Dallas Region and Houston Region. The bank conducts a substantial majority of its business in these two AA's with 91 percent of their deposits and 88 percent of total reported HMDA and CRA loans. A limited scope review was conducted in the remaining AA's. Please refer to the table in Appendix A: Scope of the Examination, for additional information.

Ratings

The bank's overall rating is based primarily on those areas receiving full-scope reviews. Overall conclusions are weighted slightly heavier based on performance in the Dallas Region as it contains the largest share of bank deposits (56 percent) and CRA reportable loans (52 percent) over the evaluation period. As for loan product analysis, loans originated to small businesses are weighted heavier than HMDA loans. Over the evaluation period, loans to small businesses outnumbered HMDA loans by almost 5 to 1. Little weight is given to small farm loans since the number of small farm originations is less than 1 percent of the total number of HMDA and CRA reportable loans.

Other

We conducted a community contact in both the Dallas and Houston Regions in connection with this examination. Numerous other community contacts were also conducted during the evaluation period by the OCC and other regulatory agencies to better understand the public's perception of BOT and other bank's performance in the noted AA's. The community contacts were also made to determine credit needs and opportunities in the bank's AA's. A total of 12 community contacts were considered during the review period in the AA's that received a full-scope review. The group of contacts includes entities engaged in small business development, affordable housing, and neighborhood associations. Community contacts most commonly cited the continuing need for small business and affordable housing loans, and financial education programs. In aggregate, the comments received were positive concerning the manner in which BOT and other bank's provided needed credit, investment, and services.

Fair Lending or Other Illegal Credit Practices Review

We performed comparative analysis procedures and technical compliance procedures designed to validate the bank's internal assessment of Fair Lending activities. Our review focused on underwriting of home improvement loans using "Hispanic" as the prohibited basis group, and "White" as the control group.

Compliance with fair lending laws and regulations is satisfactory and we found no evidence of discrimination. This is primarily based on the results of the bank's internal assessment of underwriting decisions for home improvement loans at the Bank of Texas. We validated the bank's internal assessment of these activities by performing a comparative file review from a sample of applicable control group approvals versus prohibited basis group denials.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory". The overall distribution of loans by the income levels of the geography and borrower is adequate. The rating is bolstered by the positive impact of CD lending, and product innovativeness and flexibility.

Lending Activity

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

The bank's lending levels reflect an adequate responsiveness in relation to the bank's deposit market share and area credit needs, particularly regarding loans to small businesses. Small loans to businesses represent 72 percent and 82 percent of CRA reportable loans in the Dallas Region and Houston Region, respectively. Home mortgage originations and community development loans comprise the majority of the remainder. At less than 1 percent, the volume of BOT's small farm loan originations/purchases is not considered material. Agricultural lending is not a primary business line of BOT. The bank's loan to deposit ratio on March 31, 2006 is 70 percent compared to peer banks at 90 percent.

Dallas Region

BOT ranks 8th in deposit market share among FDIC-insured institutions at 2.38 percent. BOT's primary product in the Dallas Region is small business lending, ranking 19th in the number of loans at 0.69 percent of loans originated in the AA. Based on HMDA aggregate data for 2004, BOT's overall market share for mortgage lending is 0.07 percent which ranks 158th in the AA. The low market share for loans is reflective of the aggressive competition and large number of financial institutions in this market competing for small business and residential real estate loans. Competitors include large regional banks, community banks, credit card companies, mortgage companies, and other non-bank financial institutions.

Houston Region

BOT ranks 14th in deposit market share among FDIC-insured institutions at 0.92 percent. BOT's primary product in the Houston Region is small business lending, ranking 26th in the number of loans at 0.44 percent of loans originated in the AA. Based on HMDA aggregate data for 2004, BOT's overall market share for mortgage lending is 0.04 percent which ranks 176th in the AA. The low market share for loans is reflective of the aggressive competition and large number of financial institutions in this market competing for small business and residential real estate loans. Competitors include large regional banks, community banks, credit card companies, mortgage companies, and other non-bank financial institutions.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans by income level of the geography is good.

Home Mortgage Loans

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

Dallas Region

Home Purchase

The geographic distribution of home purchase loans is excellent. In 2004-2005, the percentage of home purchase loans in low-income geographies is near the percentage of owner-occupied housing units. BOT's percentage of home purchase loans in moderate-income geographies exceeds the percentage of owner-occupied housing units. Overall market share is low for this product and does not provide meaningful data for analysis. The geographic distribution of home purchase loans is adequate in 2002 and excellent in 2003.

Home Improvement

The geographic distribution of home improvement loans is adequate. In 2004-2005, the bank's distribution of home improvement loans in low-income geographies exceeds the percentage of owner-occupied housing units. The bank's market share in low-income geographies is near its overall market share for home improvement loans. The percentage of home improvement loans in moderate-income geographies is lower than the percentage of owner-occupied housing units. BOT's market share in moderate-income geographies is somewhat lower than the bank's overall market share. The geographic distribution of home improvement loans is good in 2002 and excellent in 2003.

Home Refinancing

The geographic distribution of home refinance loans is adequate. In 2004-2005, there were no loans originated in low-income CTs. Loan originations in moderate-income CTs are somewhat lower than the percentage of owner-occupied housing units. Overall market share is low for this product and does not provide meaningful data for analysis. The geographic distribution of home refinance loans is poor in 2002 and adequate in 2003.

Multifamily

The geographic distribution of multifamily loans is excellent. In 2004-2005, BOT originated 5 multifamily loans located in the Dallas Region. No loans are located in low-income CT's. Loan originations in moderate-income CT's significantly exceed the percentage of multifamily units in moderate-income geographies. The market share of loans in moderate-income CTs exceeds its overall market share for multifamily loans. BOT did not originate any multifamily loans in the 2002 and 2003 evaluation period.

Houston Region

Home Purchase

The geographic distribution of home purchase loans is poor. In 2004-2005, there are no loans in low-income geographies. The percentage of home purchase loans in moderate-income geographies is lower than the percentage of owner-occupied housing units. Overall market share is low for this product and does not provide meaningful data for analysis. The geographic distribution of home purchase loans is good in 2002 and 2003.

Home Improvement

The geographic distribution of home improvement loans is poor. In 2004-2005, the percentage of home improvement loans in low-income geographies is near the percentage of owner-occupied housing units. The bank's market share of home improvement loans in low-income geographies is lower than its overall market share for home improvement loans. The percentage of home improvement loans in moderate-income geographies is lower than the percentage of owner-occupied housing units. The bank's market share in moderate-income geographies is lower than its overall market share for home improvement loans. The geographic distribution of home improvement loans is poor in 2002 and 2003.

Home Refinancing

The geographic distribution of home refinance loans is adequate. In 2004-2005, the percentage of home refinance loans in low-income geographies exceeds the percentage of owner-occupied housing units. The percentage of loans in moderate-income CTs is lower than the percentage of owner-occupied housing units. Overall market share is low for this product and does not provide meaningful data for analysis. The geographic distribution of home refinance loans is poor in 2002 and adequate in 2003.

Multifamily

The geographic distribution of multifamily loans is excellent. In 2004-2005, BOT originated 5 multifamily loans located in the Houston Region. No loans are located in low-income CT's. Loan originations in moderate-income CT's significantly exceed the percentage of multifamily units in moderate-income geographies. The market share of loans in moderate-income CTs exceeds its overall market share for multifamily loans. The geographic distribution of multifamily loans is excellent in 2002. BOT did not originate any multifamily loans in the 2003 evaluation period.

Small Loans to Businesses

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

Dallas Region

BOT's geographic distribution of small loans to businesses is excellent. The percentage of small loans to businesses in low-income geographies exceeds the percentage of businesses located in low-income tracts. BOT's market share of small loans to businesses in low-income

geographies significantly exceeds its overall market share. BOT's percentage of small loans to businesses in moderate-income geographies exceeds the percentage of businesses located in moderate-income CTs. The bank's market share of loans in moderate-income geographies exceeds its overall market share for small loans to businesses. The geographic distribution of loans to small businesses is excellent in 2002 and 2003.

Houston Region

BOT's geographic distribution of small loans to businesses is good. The percentage of small loans to businesses in low-income tracts exceeds the percentage of businesses located in low-income tracts. The bank's market share of loans in low-income tracts exceeds its overall market share for small loans to businesses. BOT's percentage of small loans to businesses in moderate-income geographies is somewhat lower than the percentage of businesses located in moderate-income CTs. The bank's market share of loans in moderate-income geographies is near its overall market share for small loans to businesses. The geographic distribution of loans to small businesses is good in 2002 and excellent in 2003.

Small Loans to Farms

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

Small loans to farms comprised less than 1 percent of total loans reported in the Dallas and Houston Regions. Therefore, an analysis was not conducted for this loan type due to the low volume of loans reported.

Lending Gap Analysis

A lending gap analysis was conducted on the 2004-2005 evaluation period. There were no unexplained conspicuous gaps identified.

Inside/Outside Ratio

A majority of BOT's home mortgage loans originated in the combined AAs. For the 2004-2005 evaluation period, approximately 88 percent of the number and 84 percent of the dollar amount originated in the bank's combined AAs. For the same time period, BOT originated 94 percent of the number and 93 percent of the dollar volume of small loans to businesses in the combined AAs. Performance for 2002 and 2003 was similar.

Distribution of Loans by Income Level of the Borrower

The distribution of loans by income level of the borrower is adequate.

Home Mortgage Loans

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

In evaluating the borrower distribution of home mortgage loans, we considered the number of households that live below the poverty level and the barriers that this may have on home ownership. The percentage of total households living below poverty level based on the 2000 census data is 10 percent and 13 percent in Dallas and Houston Regions, respectively. This serves as a partial mitigating factor in each AA for why the number of home mortgage loans to low-income borrowers is below the percentage of low-income families. However, this does not totally offset any poor performance.

Dallas Region

Home Purchase

BOT has done a very poor job of addressing the low-income and moderate-income borrower credit needs for home purchase loans. In 2004-2005, the percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The percentage of loans to moderate-income borrowers is significantly lower than the percentage of moderate-income families in the AA. Overall market share is low for this product and does not provide meaningful data for analysis. The borrower distribution for home purchase loans is poor in 2002 and adequate in 2003.

Home Improvement

BOT has done a poor job of addressing the low-income and moderate-income borrower credit needs for home improvement loans. In 2004-2005, the percentage of home improvement loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers is lower than the percentage of moderate-income families. The market share for low-income and moderate-income borrowers is lower than its overall market share for home improvement loans. The borrower distribution for home improvement loans is poor in 2002 and good in 2003.

Home Refinance

BOT has done a poor job of addressing the low-income and moderate-income borrower credit needs for home refinance loans. In 2004-2005, the percentage of home refinance loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The percentage of home refinance loans to moderate-income borrowers is near the percentage of moderate-income families in the AA. Overall market share is low for this product and does not provide meaningful data for analysis. The borrower distribution for home refinance loans is adequate in 2002 and poor in 2003.

Houston Region

Home Purchase

BOT has done a very poor job of addressing the low-income and moderate-income borrower credit needs for home purchase loans. In 2004-2005, the percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The percentage of home purchase loans to moderate-income is lower than the

percentage of moderate-income families in the AA. Overall market share is low for this product and does not provide meaningful data for analysis. The borrower distribution for home purchase loans is poor in 2002 and 2003.

Home Improvement

BOT has done a poor job of addressing the low-income and moderate-income borrower credit needs for home improvement loans. In 2004-2005, the percentage of home improvement loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers is lower than the percentage of moderate-income families. The market share for low-income borrowers is near its overall market share for home improvement loans. The market share for moderate-income borrowers is somewhat lower than its overall market share for home improvement loans. The borrower distribution for home improvement loans is poor in 2002 and adequate in 2003.

Home Refinance

BOT has done a good job of addressing the low-income and moderate-income borrower credit needs for home refinance loans. In 2004-2005, the percentage of home refinance loans to low-income borrowers is near the percentage of low-income families in the AA. The percentage of home refinance loans to moderate-income borrowers is near the percentage of moderate-income families in the AA. Overall market share is low for this product and does not provide meaningful data for analysis. The borrower distribution for home refinance loans is good in 2002 and poor in 2003.

Small Loans to Businesses

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

Dallas Region

BOT's penetration of small loans to businesses with revenues of \$1 million or less is adequate. In 2004-2005, the percentage of small loans to businesses is lower than the percentage of businesses with revenues of \$1 million or less in the AA. However, the bank's market share to businesses with revenues of \$1 million or less exceeds its overall market share of small loans to businesses, regardless of revenue size. The borrower distribution of loans to small businesses with revenues of \$1 million or less is adequate in 2002 and good in 2003.

Houston Region

BOT's penetration of small loans to businesses with revenues of \$1 million or less is good. In 2004-2005, the percentage of small loans to businesses is somewhat lower than the percentage of businesses with revenues of \$1 million or less in the AA. However, the bank's market share to businesses with revenues of \$1 million or less exceeds its overall market share of small loans to businesses, regardless of revenue size. The borrower distribution of loans to small businesses with revenues of \$1 million or less is good in 2002 and adequate in 2003.

Small Loans to Farms

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

Small loans to farms comprised less than 1 percent of total loans reported in the Dallas and Houston Regions. Therefore, an analysis was not conducted for this loan type due to the low volume of loans reported.

Community Development Lending

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

Community development lending has a positive impact on the Lending Test conclusions. The bank's CD loans primarily help provide affordable housing. Although the opportunities for CD lending in the Dallas and Houston Regions are relatively high, the number and dollar amount of CD loans originated by BOT in these areas is considered significant given the bank's resources.

Dallas Region

The bank originated an excellent level of CD loans within the Dallas Region during the evaluation period. BOT originated 242 CD loans totaling \$31.7 million. This includes 226 loans totaling \$23.8 million for affordable housing of which 219 loans approximating \$16.5 million are to builders for construction of new homes that are affordable and likely to be purchased by LMI families. This is an identified need in the Dallas region. Many of the builders also participate in some type of affordable housing program (e.g. down-payment assistance). Additional CD loans include: 10 loans totaling \$3.3 million for services targeting LMI individuals, 2 loans totaling \$300,000 for economic development, and 4 loans totaling \$4.3 million for revitalization and stabilization of LMI areas.

Examples of community development loans and commitments are highlighted below:

BOT originated 2 loans totaling \$4.9 million to purchase and renovate a 187 unit apartment complex and to refinance the purchase of a 166 unit complex. Both properties are located in low-income census tracts. The borrower also received HOME funds to finance a portion of the renovations. Conditions require that no tenant can exceed 80 percent of the areas median family income and that 92 of the total 353 apartments must be set aside for low-income families (less than 50 percent of areas median family income). Fifty-four of these apartments are also designated as section 8 units.

BOT originated a loan of \$1.3 million to a community service organization that provides housing and specialized services to needy children with an emphasis on under-served and at-

risk populations. The vast majority of children benefiting from this program come from LMI families.

Houston Region

The bank originated an excellent level of CD loans within the Houston Region during the evaluation period. BOT originated 46 CD loans totaling \$16.7 million. This includes 37 loans totaling \$5.2 million for affordable housing of which 34 loans approximating \$2.2 million are to builders for construction of new homes that are affordable and likely to be purchased by LMI families. This is an identified need in the Houston region. Many of the builders also participate in some type of affordable housing program (e.g. down-payment assistance). Additional CD loans include: 1 loan totaling \$50,000 for services targeting LMI individuals, 3 loans totaling \$3.5 million for economic development, and 5 loans totaling \$7.9 million for revitalization and stabilization of LMI areas.

Examples of community development loans and commitments are highlighted below:

BOT originated two loans totaling \$3.5 million for permanent financing and renovations of a retail shopping center located in a moderate-income census tract. The area is in need of retail shopping and this property was largely vacant and rundown. This facility contributed to job creation and helped revitalize and stabilize the area.

BOT originated a \$2.0 million construction loan to a manufacturing company located in a low-income census tract. The company used the proceeds to build their corporate headquarters and created 44 new jobs which help to revitalize and stabilize the area.

Product Innovation and Flexibility

Product innovation and flexibility has a positive impact on the Lending Test conclusions for BOT. The bank uses innovative and flexible underwriting guidelines through an affiliate to meet the mortgage needs of low- and moderate-income individuals through the *Zero Down Homeward Bound Mortgage Program*.

This product provides financing in LMI geographies or to LMI families and individuals for purchasing or refinancing a home. The program offers 15 or 30 year fixed rate mortgages up to \$165,000 with no down payment requirements, a loan to value up to 103 percent (includes closing costs and any prepaid insurance), and does not require private mortgage insurance. BOKF (BOT's parent company) originally set aside \$100 million for this particular program.

In 2005, Freddie Mac began buying loans from this program. This required various changes on their part as this was a unique product. According to Freddie Mac, BOT's affiliate is the only originator in this region selling this type of loan into the secondary market and they regard it as a flexible and innovative program. Freddie Mac's participation has created additional capacity for BOT's affiliate to originate these loans.

A breakdown of the number of loans and dollars originated during the evaluation period in the full-scope AA's are: Dallas Region - 98 loans totaling \$10.6 million, and the Houston Region - 34 loans totaling \$3.6 million. Overall, the program has originated 132 loans totaling \$14.2 million during the evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in Tarrant County and Grayson County are consistent with the bank's overall "High Satisfactory" rating performance under the lending test.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "Outstanding". Investment levels are high and the bank has taken a more active role in creating investment opportunities.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

BOT has made qualified investments totaling \$34.6 million during the evaluation period of April 16, 2002 through May 28, 2006. This approximates 14 percent of Tier 1 Capital. The investments are distributed equally between the Dallas Region (50 percent) and Houston Region (50 percent). This correlates with the fact that 91 percent of BOT's deposits come from these two AAs. Additionally, prior period investments of \$233,000 remain outstanding.

The majority of the dollar amount of qualified investments (87 percent) represents mortgage-backed securities (MBS). BOT purchased \$30.0 million of these qualified mortgages during the evaluation period. BOT participates in a program to purchase pools of affordable housing mortgages originated in its AAs. The Investment Portfolio Manager has distributed the bank's AA information to various mortgage originators and securities dealers who, in turn, provide lists of new mortgages available for sale. The Manager then selects mortgages and the originator or broker pools them into a MBS, which is purchased by the bank. The security is split between BOT and affiliates based on the location of the mortgage origination. The bank has developed a model in which city, state, and income information is input to verify that each mortgage qualifies. Purchase of these MBS creates additional lending capacity for affordable housing in the bank's affected AA's. Affordable housing has been identified as a primary need in the bank's full scope AA's. Also of significance, although not included in the investment totals, BOT purchased an additional \$7.8 million of MBS in portions of the Dallas MSA that is adjacent to the bank's AA.

Investments also consist of grants and donations extended in all AAs to organizations that promote community development as defined by the regulation. The bank has created an innovative program that focuses on building strong partnerships with non-profit agencies in the communities it serves. The program is called the Adopt-An-Agency Program. The bank directs resources, both in dollars and volunteer hours, to these identified agencies in their AA's. These agencies serve in the areas of affordable housing, community services, financial education, and economic development. BOT has contributed \$793,000 in grants and donations to qualified programs during the evaluation period.

The bank recognized the need for innovative investments for the purpose of promoting economic and industrial development, promoting creation and retention of jobs, and engaging in other public welfare investments to meet the needs of the communities served. Therefore, BOKF formed a community development company (BOKF Community Development Corporation) to address these needs throughout the organization's AA's.

BOT also committed \$1 million to investments in an equity fund utilizing new market tax credits (NMTC) and invested \$2.5 million through an affiliate in a limited partnership low income housing tax credit (LIHTC) fund during the evaluation period.

Dallas Region

BOT has an excellent level of qualified investments in the Dallas Region totaling \$16.7 million. Mortgage backed securities purchased during the evaluation period totaled \$15.8 million. Additionally, donations and grants totaling \$593,000 were made to organizations providing affordable housing, urban renewal, and other social services targeting low- and moderate-income individuals or families.

BOT has committed to a \$500,000 investment in an equity fund utilizing NMTC's. The fund will make equity investments in qualified businesses in the Dallas Region. The businesses must create jobs for LMI individuals and/or revitalize and stabilize LMI communities. Also, BOT contributed \$75,000 to the start-up of the CDC mentioned earlier.

Prior period investments include the outstanding balance of \$233,000 on an investment with the Dallas Area Habitat for Humanity. The funds were used to make interest free loans to LMI families for affordable housing.

Houston Region

BOT has an excellent level of qualified investments in the Houston Region totaling \$17.4 million. Mortgage backed securities purchased during the evaluation period totaled \$14.2 million. Additionally, grants and donations totaling \$178,000 were made to organizations providing affordable housing, urban renewal, and other social services targeting low- and moderate-income individuals or families.

The bank has committed to a \$500,000 investment in an equity fund utilizing NMTC's. The fund will make equity investments in qualified businesses in the Houston Region AA. The businesses must create jobs for LMI individuals and/or revitalize and stabilize LMI communities.

BOT, through an affiliate, invested \$2.5 million in a limited partnership LIHTC fund. The affiliate's investment was directed at an affordable housing project located in the Houston Region. The project has 192 affordable housing units, all of which qualify for the tax credits under the fund guidelines. The project was 97 percent occupied as of December 31, 2005.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited scope reviews, the bank's investment performance in the Grayson County AA is consistent with the bank's overall "Outstanding" performance under the Investment Test.

The bank's investment performance in the Tarrant County AA is below the investment performance in the full scope AA's that were reviewed; however, it does not change the conclusions based on these areas.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". The rating is primarily based on the geographic distribution of full-service banking offices and ATMs, and the commitment to CD services in the bank's full scope AA's. This rating is supported by the fact that 63 percent of all service outlets in the full scope AA's, including traditional branches, in-store branches, full-service ATMs and cash dispensing ATMs are located in or within 2 miles of a low-income or moderate-income geography.

Retail Banking Services

BOT's delivery systems are reasonably accessible to essentially all portions of the bank's 2 full scope review AA's and 2 limited review AA's. BOT provides a wide range of services at each of its 37 branches. At the traditional stand-alone branches, drive-through banking and safe-deposit services are commonly available. Services and hours provided at the various branches are not dependent upon the income-geography of the branch, and do not vary in a way that would inconvenience customers living throughout any of BOT's AA's. Eleven of BOT's 37 branches (30 percent) operate through relationships with supermarkets. These branches provide convenient banking and extended hours, including weekend hours and services on several holidays.

BOT operates 30 branches (81 percent) in the full scope AA's. In addition to these branch facilities, BOT operates 37 proprietary ATMs in the full scope AAs. Of these, 30 are full-service (i.e. accepts deposits) and 7 are cash-dispensing only. However, all ATMs allow customers to transfer between accounts and obtain account balances.

BOT has several alternative delivery systems for many of its products and services. This includes 24-hour Express Banking, toll-free banking, group banking, and on-line banking. The Express Banking telephone system allows twenty-four hour access for both loan and deposit services, and incorporates the use of a language-line service that is available in many languages. These services expand the opportunity for conducting business without traveling to a branch office or ATM. The services are readily available to and beneficial to individuals of all income levels.

Loan and deposit services available throughout the AA's include mortgage products (including affordable housing mortgage products), small business banking products (including SBA guaranteed loans), and several retail deposit products.

Refer to Table 15 in Appendix C for statistics and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Dallas Region

The distribution of branches in the Dallas Region is good. There is 1 branch in a low-income CT and 3 branches in moderate-income CT's. These distributions are near the percentage of population in low-income CT's, and lower than the percentage of population in moderate-income CT's in the AA. However, a majority of the bank's branches are accessible to low-income and moderate-income geographies and individuals. Twelve of the bank's 16 branches (75 percent) are located in or within 2 miles of a low-income or moderate-income CT. Additionally, 17 of the 22 ATMs (77 percent) in this AA are located in or within 2 miles of a low-income or moderate-income CT. Of the 4 branches opened since the previous performance evaluation, none were opened in a low-income or moderate-income CT.

Houston Region

The distribution of branches in the Houston Region is adequate. There are no branches in low-income CTs and 1 branch in moderate-income CTs. These distributions are lower than the percentage of population in moderate-income CT's in the AA. However, a majority of the bank's branches are accessible to low-income and moderate-income geographies and individuals. Eight of the bank's 14 branches (57 percent) are located in or within 2 miles of a low-income or moderate-income CT. Additionally, 8 of the 14 ATMs (57 percent) in this AA are located in or within 2 miles of a low-income or moderate-income CT. Of the 7 branches opened since the previous performance evaluation, 1 or 14 percent is in a moderate-income CT.

Community Development Services

Overall, BOT provides an adequate level of community development services in each of the full scope review AAs. These services are directly related to the provision of financial services for non-profits whose primary purpose is community development. BOT's community development activities include providing technical assistance on financial matters to non-profit organizations or small businesses which promote community revitalization, community development, or affordable housing.

The strategy of the Community Development Banking Group is to reach low- and moderate-income individuals and families with products and services through various partnerships. Examples of BOT's involvement in community development service projects include the "Adopt-An-Agency Program", FDIC financial education curricula, matched savings programs, and the Earned Income Tax Credit program. Also, a number of BOT executives and employees also serve in various leadership capacities related to providing financial services with these organizations.

One innovative approach to fostering the bank's active and on-going involvement in the community is the "Adopt-An-Agency Program". The program is a partnership program between leading non-profit agencies and the bank in each of the bank's AA's. The goal is to promote and provide community development services for low-income and moderate-income individuals and families. The program is implemented through the retail branch locations utilizing volunteer support to provide a wide variety of community development services related to affordable housing, economic development, and financial education.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited scope reviews, the bank's service performance in the Tarrant County and Grayson County AA's is consistent with the bank's overall "High Satisfactory" performance under the Service Test.

Appendix A: Scope of Examination

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

| | | |
|---|--|--|
| Time Period Reviewed | Lending Test (excludes CD Loans): (01/01/2002-12/31/2005) Investment and Service Tests and CD Loans: (04/16/2002-05/28/2006) | |
| Financial Institution | Products Reviewed | |
| Bank of Texas, National Association (BOT) Dallas, Texas | Home Mortgage Loans, Small Loans to Businesses and Farms, Community Development Loans | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| Bank of Oklahoma, N.A. (BOK) BOK Financial Corporation | Banking Affiliate Parent Holding Co. | Home Mortgage Loans Community Development |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Dallas Region Houston Region Tarrant County Grayson County | Full-Scope Full-Scope Limited-Scope Limited-Scope | Dallas and Collin Counties Harris and Ft. Bend Counties |

Appendix B: Market Profiles for Full-Scope Areas

Dallas Region

| Demographic Information for Full Scope Area: Dallas Region | | | | | | |
|--|-----------|------------|----------------------|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 572 | 10.49 | 30.94 | 28.50 | 29.37 | 0.70 |
| Population by Geography | 2,710,574 | 9.25 | 30.91 | 30.29 | 29.55 | 0.00 |
| Owner-Occupied Housing by Geography | 549,723 | 3.27 | 23.21 | 32.67 | 40.85 | 0.00 |
| Business by Geography | 221,086 | 4.90 | 26.94 | 31.25 | 35.60 | 1.30 |
| Farms by Geography | 3,563 | 3.68 | 22.28 | 35.14 | 38.31 | 0.59 |
| Family Distribution by Income Level | 671,309 | 22.85 | 18.30 | 19.73 | 39.12 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 276,239 | 15.73 | 43.04 | 28.88 | 12.36 | 0.00 |
| Median Family Income | | 56,313 | Median Housing Value | | | 120,250 |
| HUD Adjusted Median Family Income for 2005 | | 65,000 | Unemployment Rate | | | 2.53% |
| Households Below Poverty Level | | 10% | (2000 US Census) | | | |

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

Source: 2000 US Census and 2005 HUD updated MFI

The Dallas Region includes Dallas County and Collin County within the Dallas-Plano-Irving MD. The largest cities in this region include Dallas, Plano and Irving. BOT has 16 full-service branches located in the Dallas Region. This includes 12 traditional branches and 4 supermarket branches. BOT also operates 16 full service ATMs and 6 cash dispensing ATMs in the AA.

Based on 2000 U.S. Census data, total population of the AA is 2,710,574. The 2005 HUD median family income for the Dallas-Plano-Irving MD is \$65,000. In 2005, non-farm businesses represent 98 percent (239,832) of total businesses in the AA. The majority of these businesses (63 percent) are considered small with revenues of less than \$1 million.

This AA accounts for a large percentage of the deposits and loans for BOT. The AA maintains approximately 56 percent of BOT's total deposits and 52 percent of total CRA reported loans. In terms of deposit market share, BOT ranks 8th with approximately 2.38 percent of FDIC-insured bank deposits in the AA as of June 30, 2005.

The economic conditions in the Dallas Region are good and economic activity continues to expand in 2006. Energy activity is still robust, and both the manufacturing and service sectors report continuing strong activity. Construction and real estate activity remains brisk, but there has been a noticeable dip in the market for lower priced homes, particularly in Dallas. Retail sales growth is weakening slightly. Some of the leading companies and employers in the Region include Exxon Mobil Corporation, Electronic Data Systems (EDS), J.C. Penney Company, Inc., Kimberly Clark, Texas Instruments, Dean Foods Corporation, and Southwest Airlines.

Small business and mortgage lending competition continues to be fierce, with competitors including large regional banks, community banks, credit card companies, mortgage

companies, and other non-bank financial institutions. Also affecting lending opportunities is the fact that 10 percent of the households are below the poverty level. The limitation of disposable income for families living below the poverty level negatively affects their ability to qualify for home ownership.

During the examination, we reviewed five community contacts conducted in the Dallas Region. The group of contacts included entities engaged in small business development, affordable housing, and neighborhood associations. Community contacts most commonly cited the continuing need for small business and affordable housing loans.

Houston Region

| Demographic Information for Full Scope Area: Houston Region | | | | | | |
|--|-----------|------------|----------------------|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 707 | 9.05 | 32.11 | 28.15 | 29.70 | 0.99 |
| Population by Geography | 3,755,030 | 7.56 | 31.49 | 29.32 | 31.57 | 0.06 |
| Owner-Occupied Housing by Geography | 756,757 | 3.53 | 23.46 | 30.35 | 42.65 | 0.00 |
| Business by Geography | 277,146 | 5.57 | 26.31 | 25.95 | 41.89 | 0.28 |
| Farms by Geography | 4,528 | 3.05 | 19.30 | 34.83 | 42.76 | 0.07 |
| Family Distribution by Income Level | 934,438 | 23.15 | 17.43 | 18.63 | 40.79 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 379,190 | 13.33 | 45.32 | 27.66 | 13.69 | 0.00 |
| Median Family Income | | 51,431 | Median Housing Value | | | 98,599 |
| HUD Adjusted Median Family Income for 2005 | | 59,400 | Unemployment Rate | | | 3.00% |
| Households Below Poverty Level | | 13% | (2000 US Census) | | | |

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

Source: 2000 US Census and 2005 HUD updated MFI

The Houston Region includes Harris County and Ft. Bend County within the Houston-Sugar Land-Baytown MD. The largest cities in this region include Houston, Katy and Sugarland. BOT has 14 full-service branches located in the Houston Region. This includes 10 traditional branches and 4 supermarket branches. BOT also operates 14 full service ATMs and 1 cash dispensing ATM in the AA.

Based on 2000 U.S. Census data, total population of the AA is 3,755,030. The 2005 HUD median family income for the Houston-Sugar Land-Baytown MD is \$59,400. In 2005, non-farm businesses represent 98 percent (296,663) of total businesses in the AA. The majority of these businesses (64 percent) are considered small with revenues of less than \$1 million.

This AA accounts for a large percentage of the deposits and loans for BOT. The AA maintains approximately 34 percent of BOT's total deposits and 36 percent of total CRA reported loans. In terms of deposit market share, BOT ranks 14th with approximately 0.92 percent of FDIC-insured bank deposits in the AA as of June 30, 2005.

The economic conditions in the Houston Region are good and economic activity continues to expand in 2006. Energy activity is still robust, and both the manufacturing and service sectors report continuing strong activity. Construction and real estate activity remains brisk with continuing growth in residential home sales. Retail sales growth is weakening slightly. Some of the largest employers in the Region include Wal-Mart Stores, Administaff, Continental Airlines, Exxon Mobil Corporation, Memorial Hermann Healthcare System, the University of Texas M.D. Anderson Cancer Center, Kroger Company, Halliburton, and Shell Oil Company.

Small business and mortgage lending competition continues to be fierce, with competitors including large regional banks, community banks, credit card companies, mortgage companies, and other non-bank financial institutions. Also affecting lending opportunities is the fact that 13 percent of the households are below the poverty level. The limitation of

disposable income for families living below the poverty level negatively affects their ability to qualify for home ownership.

During the examination, we reviewed seven community contacts that were conducted in the Houston Region. The group of contacts included entities engaged in small business development, affordable housing, and neighborhood associations. Community contacts most commonly cited the continuing need for small business and affordable housing loans.

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Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA; (2) Partially geocoded loans (loans where no CT is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

Table 1. Lending Volume - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. Community development loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption in the MA/AA column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of AA.” “Out of AA” is used ONLY if the bank has otherwise adequately met the CD lending needs of its AA.

Table 1. Other Products - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.

Table 2. Geographic Distribution of Home Purchase Loans - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents

market share information based on the most recent aggregate market data available.

- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents market share information based on the most recent aggregate market data available.

- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/AA.
- Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the

investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's AA. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/AA column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of AA." "Out of the AA" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its AA.

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

Table 1. Lending Volume

| LENDING VOLUME | | | | | | | | | | | | |
|----------------------------|---|---------------|------------|---------------------------|------------|---|------------|---|------------|----------------------|-----------|--|
| Geography: TEXAS 2004-2005 | | | | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | | | |
| MA/Assessment Area (2004): | % of Rated Area Loans (#) in MA/AA [*] | Home Mortgage | | Small Loans to Businesses | | Small Loans to Farms | | Community Development Loans ^{**} | | Total Reported Loans | | % of Rated Area Deposits in MA/AA ^{***} |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$(000's) | |
| Full Review: | | | | | | | | | | | | |
| Dallas Region | 52.13 | 224 | 34,327 | 1,233 | 264,478 | 3 | 345 | 242 | 31,688 | 1,702 | 330,838 | 56.35 |
| Houston Region | 36.14 | 161 | 24,290 | 970 | 171,942 | 3 | 101 | 46 | 16,716 | 1,180 | 213,049 | 34.37 |
| Limited Review: | | | | | | | | | | | | |
| Grayson County TX | 3.18 | 14 | 3,693 | 81 | 11,028 | 9 | 441 | 0 | 0 | 104 | 15,162 | 3.52 |
| Tarrant County TX | 8.55 | 55 | 3,363 | 185 | 27,940 | 1 | 23 | 38 | 2,901 | 279 | 34,227 | 5.76 |

^{*} Loan Data as of December 31, 2005. Rated area refers to state rating area.

^{**} The evaluation period for Community Development Loans is from April 16, 2002 to May 28, 2006.

^{***} Deposit Data as of June 30, 2005.

Table 2. Geographic Distribution of Home Purchase Loans

| Geographic Distribution: HOME PURCHASE | | | Geography: TEXAS 2004-2005 | | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | | Market Share (%) by Geography [*] | | | | |
|--|---------------------------|--------------|----------------------------|--------------|-----------------------------|--------------|---|--------------|--------------------------|--------------|---------|--|------|------|------|--|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall | Low | Mod | Mid | Upp | |
| | # | % of Total** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| Dallas Region | 97 | 65.99 | 3.27 | 3.09 | 23.21 | 26.80 | 32.67 | 18.56 | 40.85 | 51.55 | 0.06 | 0.14 | 0.13 | 0.04 | 0.05 | |
| Houston Region | 37 | 25.17 | 3.53 | 0.00 | 23.46 | 13.51 | 30.35 | 27.03 | 42.65 | 59.46 | 0.02 | 0.00 | 0.02 | 0.01 | 0.02 | |
| Limited Review: | | | | | | | | | | | | | | | | |
| Grayson County TX | 0 | 0.00 | 0.00 | 0.00 | 13.89 | 0.00 | 75.65 | 0.00 | 10.46 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Tarrant County TX | 13 | 8.84 | 3.85 | 0.00 | 19.76 | 0.00 | 36.48 | 23.08 | 39.91 | 76.92 | 0.01 | 0.00 | 0.00 | 0.00 | 0.02 | |

^{*} Based on 2004 Peer Mortgage Data (Western)

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

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

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT | | | Geography: TEXAS 2004-2005 | | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | | Market Share (%) by Geography | | | | |
|---|------------------------------|--------------|----------------------------|--------------|-----------------------------|--------------|---|--------------|--------------------------|--------------|---------|-------------------------------|------|------|------|--|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall | Low | Mod | Mid | Upp | |
| | # | % of Total** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| Dallas Region | 79 | 45.66 | 3.27 | 3.80 | 23.21 | 8.86 | 32.67 | 20.25 | 40.85 | 67.09 | 0.72 | 0.63 | 0.28 | 0.51 | 1.04 | |
| Houston Region | 72 | 41.62 | 3.53 | 2.78 | 23.46 | 6.94 | 30.35 | 18.06 | 42.65 | 72.22 | 0.42 | 0.00 | 0.12 | 0.24 | 0.70 | |
| Limited Review: | | | | | | | | | | | | | | | | |
| Grayson County TX | 8 | 4.62 | 0.00 | 0.00 | 13.89 | 12.50 | 75.65 | 87.50 | 10.46 | 0.00 | 1.17 | 0.00 | 0.00 | 1.54 | 0.00 | |
| Tarrant County TX | 14 | 8.09 | 3.85 | 0.00 | 19.76 | 0.00 | 36.48 | 21.43 | 39.91 | 78.57 | 0.20 | 0.00 | 0.00 | 0.07 | 0.38 | |

* Based on 2004 Peer Mortgage Data (Western)

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

| Geographic Distribution: HOME MORTGAGE REFINANCE | | | Geography: TEXAS 2004-2005 | | | | | | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | |
|--|-------------------------------------|--------------------------|----------------------------------|--------------|----------------------------------|--------------|----------------------------------|--------------|----------------------------------|--------------|---|------|------|------|------|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography [*] | | | | |
| | # | % of Total ^{**} | % Owner Occ Units ^{***} | % BANK Loans | % Owner Occ Units ^{***} | % BANK Loans | % Owner Occ Units ^{***} | % BANK Loans | % Owner Occ Units ^{***} | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Dallas Region | 43 | 35.25 | 3.27 | 0.00 | 23.21 | 18.60 | 32.67 | 27.91 | 40.85 | 53.49 | 0.03 | 0.00 | 0.02 | 0.03 | 0.04 |
| Houston Region | 47 | 38.52 | 3.53 | 4.26 | 23.46 | 14.89 | 30.35 | 34.04 | 42.65 | 46.81 | 0.03 | 0.07 | 0.03 | 0.03 | 0.04 |
| Limited Review: | | | | | | | | | | | | | | | |
| Grayson County TX | 5 | 4.10 | 0.00 | 0.00 | 13.89 | 0.00 | 75.65 | 80.00 | 10.46 | 20.00 | 0.18 | 0.00 | 0.00 | 0.23 | 0.00 |
| Tarrant County TX | 27 | 22.13 | 3.85 | 0.00 | 19.76 | 7.41 | 36.48 | 37.04 | 39.91 | 55.56 | 0.04 | 0.00 | 0.00 | 0.04 | 0.05 |

^{*} Based on 2004 Peer Mortgage Data (Western)

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

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

Table 5. Geographic Distribution of Multifamily Loans

| Geographic Distribution: MULTIFAMILY | | Geography: TEXAS 2004-2005 | | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | | | Market Share (%) by Geography | | | | |
|--------------------------------------|-------------------------|----------------------------|------------------------|--------------|-----------------------------|---|---------------------------|--------------|--------------------------|--------------|---------|-------------------------------|------|-------|------|--|
| MA/Assessment Area: | Total Multifamily Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall | Low | Mod | Mid | Upp | |
| | # | % of Total** | % of MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| Dallas Region | 5 | 41.67 | 15.56 | 0.00 | 32.10 | 60.00 | 30.97 | 40.00 | 21.37 | 0.00 | 1.07 | 0.00 | 1.54 | 2.38 | 0.00 | |
| Houston Region | 5 | 41.67 | 10.36 | 0.00 | 35.68 | 60.00 | 30.88 | 0.00 | 23.08 | 40.00 | 0.40 | 0.00 | 0.96 | 0.00 | 0.00 | |
| Limited Review: | | | | | | | | | | | | | | | | |
| Grayson County TX | 1 | 8.33 | 0.00 | 0.00 | 14.38 | 0.00 | 83.30 | 100.00 | 2.32 | 0.00 | 7.69 | 0.00 | 0.00 | 10.00 | 0.00 | |
| Tarrant County TX | 1 | 8.33 | 7.17 | 0.00 | 28.46 | 0.00 | 45.23 | 0.00 | 19.13 | 100.00 | 1.09 | 0.00 | 0.00 | 0.00 | 7.14 | |

* Based on 2004 Peer Mortgage Data (Western)

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | | Geography: TEXAS 2004-2005 | | | | | | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | |
|--|----------------------------|--------------|----------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|---|------|------|------|------|
| MA/Assessment Area: | Total Small Business Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography [*] | | | | |
| | # | % of Total** | % of Business es*** | % BANK Loans | % of Business es*** | % BANK Loans | % of Business es*** | % BANK Loans | % of Business es*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Dallas Region | 1,220 | 49.78 | 4.90 | 6.72 | 26.94 | 39.02 | 31.25 | 26.80 | 35.60 | 27.46 | 0.69 | 1.20 | 1.06 | 0.66 | 0.47 |
| Houston Region | 965 | 39.37 | 5.57 | 7.77 | 26.31 | 20.73 | 25.95 | 18.24 | 41.89 | 53.26 | 0.44 | 0.71 | 0.40 | 0.32 | 0.55 |
| Limited Review: | | | | | | | | | | | | | | | |
| Grayson County TX | 81 | 3.30 | 0.00 | 0.00 | 22.81 | 32.10 | 68.25 | 66.67 | 8.94 | 1.23 | 1.39 | 0.00 | 2.27 | 1.42 | 0.60 |
| Tarrant County TX | 185 | 7.55 | 3.89 | 0.00 | 27.36 | 20.54 | 36.14 | 27.03 | 32.61 | 52.43 | 0.21 | 0.00 | 0.22 | 0.15 | 0.30 |

^{*} Based on 2004 Peer Small Business Data -- US and PR

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

^{***} Source Data - Dun and Bradstreet (2004).

Table 7. Geographic Distribution of Small Loans to Farms

| Geographic Distribution: SMALL LOANS TO FARMS | | | Geography: TEXAS 2004-2005 | | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | | | | | |
|---|------------------------|--------------------------|----------------------------|--------------|-----------------------------|--------------|---|--------------|---------------------------|--------------|--|------|------|-------|------|
| MA/Assessment Area: | Total Small Farm Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography [*] | | | | |
| | # | % of Total ^{**} | % of Farms ^{***} | % BANK Loans | % of Farms ^{***} | % BANK Loans | % of Farms ^{***} | % BANK Loans | % of Farms ^{***} | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Dallas Region | 3 | 18.75 | 3.68 | 0.00 | 22.28 | 33.33 | 35.14 | 0.00 | 38.31 | 66.67 | 0.55 | 0.00 | 0.00 | 0.00 | 1.22 |
| Houston Region | 3 | 18.75 | 3.05 | 0.00 | 19.30 | 0.00 | 34.83 | 33.33 | 42.76 | 66.67 | 0.31 | 0.00 | 0.00 | 0.40 | 0.40 |
| Limited Review: | | | | | | | | | | | | | | | |
| Grayson County TX | 9 | 56.25 | 0.00 | 0.00 | 6.92 | 0.00 | 85.88 | 100.00 | 7.20 | 0.00 | 10.77 | 0.00 | 0.00 | 11.29 | 0.00 |
| Tarrant County TX | 1 | 6.25 | 2.24 | 0.00 | 19.26 | 0.00 | 40.86 | 0.00 | 37.64 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

^{*} Based on 2004 Peer Small Business Data -- US and PR

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

^{***} Source Data - Dun and Bradstreet (2004).

Table 8. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HOME PURCHASE | | Geography: TEXAS 2004-2005 | | | | | | | | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | |
|--------------------------------------|---------------------------|----------------------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------|---------------------------|---|------|------|------|--|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share [*] | | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | Overall | Low | Mod | Mid | Upp | |
| Full Review: | | | | | | | | | | | | | | | | |
| Dallas Region | 83 | 64.84 | 22.85 | 2.41 | 18.30 | 2.41 | 19.73 | 10.84 | 39.12 | 84.34 | 0.06 | 0.01 | 0.01 | 0.02 | 0.13 | |
| Houston Region | 33 | 25.78 | 23.15 | 3.03 | 17.43 | 6.06 | 18.63 | 18.18 | 40.79 | 72.73 | 0.02 | 0.02 | 0.00 | 0.01 | 0.03 | |
| Limited Review: | | | | | | | | | | | | | | | | |
| Grayson County TX | 0 | 0.00 | 19.46 | 0.00 | 18.09 | 0.00 | 23.05 | 0.00 | 39.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Tarrant County TX | 12 | 9.38 | 19.49 | 0.00 | 18.35 | 0.00 | 21.37 | 25.00 | 40.80 | 75.00 | 0.01 | 0.00 | 0.00 | 0.01 | 0.03 | |

^{*} Based on 2004 Peer Mortgage Data (Western)

^{**} As a percentage of loans with borrower income information available. No information was available for 12.9% of loans originated and purchased by bank.

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

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

Table 9. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT | | Geography: TEXAS 2004-2005 | | | | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | | | | |
|---|------------------------------|----------------------------|----------------------|------------------|---------------------------|------------------|-------------------------|---|------------------------|------------------|---------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share [*] | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Dallas Region | 79 | 46.20 | 22.85 | 6.33 | 18.30 | 8.86 | 19.73 | 15.19 | 39.12 | 69.62 | 0.79 | 0.17 | 0.11 | 1.07 | 1.06 |
| Houston Region | 70 | 40.94 | 23.15 | 8.57 | 17.43 | 8.57 | 18.63 | 21.43 | 40.79 | 61.43 | 0.44 | 0.42 | 0.14 | 0.29 | 0.61 |
| Limited Review: | | | | | | | | | | | | | | | |
| Grayson County TX | 8 | 4.68 | 19.46 | 12.50 | 18.09 | 25.00 | 23.05 | 0.00 | 39.40 | 62.50 | 1.22 | 2.94 | 0.00 | 1.12 | 1.40 |
| Tarrant County TX | 14 | 8.19 | 19.49 | 0.00 | 18.35 | 14.29 | 21.37 | 21.43 | 40.80 | 64.29 | 0.23 | 0.00 | 0.31 | 0.26 | 0.23 |

^{*} Based on 2004 Peer Mortgage Data (Western)

^{**} As a percentage of loans with borrower income information available. No information was available for 1.2% of loans originated and purchased by bank.

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

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE | | | Geography: TEXAS 2004-2005 | | | | | | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | | |
|--|-------------------------------------|--------------|----------------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------|---|------------------|---------|------|------|-----|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share | | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | Overall | Low | Mod | Mid |
| Full Review: | | | | | | | | | | | | | | | | |
| Dallas Region | 42 | 35.90 | 22.85 | 7.14 | 18.30 | 16.67 | 19.73 | 26.19 | 39.12 | 50.00 | 0.04 | 0.02 | 0.03 | 0.04 | 0.06 | |
| Houston Region | 46 | 39.32 | 23.15 | 21.74 | 17.43 | 15.22 | 18.63 | 10.87 | 40.79 | 52.17 | 0.04 | 0.12 | 0.03 | 0.01 | 0.05 | |
| Limited Review: | | | | | | | | | | | | | | | | |
| Grayson County TX | 5 | 4.27 | 19.46 | 0.00 | 18.09 | 20.00 | 23.05 | 0.00 | 39.40 | 80.00 | 0.22 | 0.00 | 0.32 | 0.00 | 0.33 | |
| Tarrant County TX | 24 | 20.51 | 19.49 | 4.17 | 18.35 | 12.50 | 21.37 | 12.50 | 40.80 | 70.83 | 0.06 | 0.00 | 0.04 | 0.00 | 0.10 | |

* Based on 2004 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 4.1% of loans originated and purchased by bank.

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

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

Table11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | Geography: TEXAS 2004-2005 | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | |
|--|---------------------------------|----------------------------|---|------------------|---|-------------------------|---------------------------|---------------------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share [*] | |
| | # | % of Total** | % of Businesses*** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev\$ 1 Million or Less |
| Full Review: | | | | | | | | | |
| Dallas Region | 1,233 | 49.94 | 61.95 | 42.34 | 51.66 | 22.47 | 25.87 | 0.69 | 0.91 |
| Houston Region | 970 | 39.29 | 62.78 | 52.58 | 57.53 | 23.40 | 19.07 | 0.44 | 0.62 |
| Limited Review: | | | | | | | | | |
| Grayson County TX | 81 | 3.28 | 67.09 | 55.56 | 60.49 | 27.16 | 12.35 | 1.39 | 2.21 |
| Tarrant County TX | 185 | 7.49 | 63.51 | 56.22 | 65.41 | 16.76 | 17.84 | 0.21 | 0.35 |

^{*} Based on 2004 Peer Small Business Data -- US and PR

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

^{***} Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2004).

^{****} Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.7% of small loans to businesses originated and purchased by the bank.

Table12. Borrower Distribution of Small Loans to Farms

| Borrower Distribution: SMALL LOANS TO FARMS | | Geography: TEXAS 2004-2005 | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | |
|---|----------------------------|----------------------------|--|------------------|---|-------------------------|---------------------------|---------------------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Farms | | Farms With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Farm Size | | | Market Share [*] | |
| | # | % of Total** | % of Farms*** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev\$ 1 Million or Less |
| Full Review: | | | | | | | | | |
| Dallas Region | 3 | 18.75 | 83.75 | 100.00 | 66.67 | 33.33 | 0.00 | 0.55 | 0.72 |
| Houston Region | 3 | 18.75 | 83.92 | 66.67 | 100.00 | 0.00 | 0.00 | 0.31 | 0.18 |
| Limited Review: | | | | | | | | | |
| Grayson County TX | 9 | 56.25 | 90.49 | 88.89 | 88.89 | 11.11 | 0.00 | 10.77 | 11.32 |
| Tarrant County TX | 1 | 6.25 | 82.35 | 100.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 |

^{*} Based on 2004 Peer Small Business Data -- US and PR

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

^{***} Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2004).

^{****} Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.0% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS | | | | | | | | | |
|------------------------|---------------------------------------|-----------|---|----------------------------|-------------------|---|------------|------------------------------------|-----------|
| | | | | Geography: TEXAS 2004-2005 | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | |
| MA/Assessment Area: | Prior Period Investments [*] | | Current Period Investments ^{***} | | Total Investments | | | Unfunded Commitments ^{**} | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| Dallas Region | 1 | 233 | 117 | 16,450 | 118 | 16,683 | 48.79 | 1 | 500 |
| Houston Region | 0 | 0 | 42 | 16,906 | 42 | 16,906 | 49.44 | 1 | 500 |
| Limited Review: | | | | | | | | | |
| Grayson County TX | 0 | 0 | 10 | 593 | 10 | 593 | 1.73 | 0 | 0 |
| Tarrant County TX | 0 | 0 | 8 | 15 | 8 | 15 | 0.04 | 0 | 0 |

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

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

^{***} Several investments represent MBS purchases containing mortgages from each of the bank's AA's. MBS are allocated according to each AA's pro-rata share.

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

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS | | | | | | | | Geography: TEXAS 2004-2005 | | | | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005 | | | | | |
|---|-------------------------------|--------------------|--------------------------------|---|-------|-------|-------|----------------------------|----------------------|---|-----|---|-----|---------------------------------------|-------|-------|-------|
| MA/Assessment Area: | Deposit | Branches | | | | | | Branch Openings/Closings | | | | Population | | | | | |
| | % of Rated Area Deposit in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | | % of Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | | | |
| Dallas Region | 52.13 | 16 | 43.24 | 6.25 | 18.75 | 12.5 | 62.50 | 6 | 0 | 0 | 0 | 0 | +6 | 9.25 | 30.91 | 30.29 | 29.55 |
| Houston Region | 36.14 | 14 | 37.84 | 0.00 | 7.14 | 14.29 | 78.57 | 7 | 0 | 0 | +1 | +1 | +5 | 7.56 | 31.49 | 29.32 | 31.57 |
| Limited Review: | | | | | | | | | | | | | | | | | |
| Grayson County TX | 3.18 | 2 | 5.41 | 0.00 | 50.00 | 50.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 17.24 | 73.81 | 8.94 |
| Tarrant County TX | 8.55 | 5 | 13.51 | 0.00 | 0.00 | 0.00 | 100.0 | 0 | 1 | 0 | 0 | 0 | -1 | 6.03 | 26.43 | 35.58 | 31.96 |