



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**Texas Capital Bank, National Association
Charter Number: 23248**

**2100 McKinney Avenue, Suite 900
Dallas, TX 75201**

**Comptroller of the Currency
Dallas Field Office
17300 Dallas Parkway, Suite 2020
Dallas, TX 75248**

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 **Texas Capital Bank, National Association** (TCB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- Lending activity in the full-scope assessment area (AA) is adequate for home mortgage and small business loans.
- The overall geographic distribution of loans in the low- and moderate-income tract is adequate.
- The overall borrower distribution of lending is adequate. The penetration of small business loans to small businesses is lower than the percentage of businesses within the AA that have annual revenues of \$1 million or less.
- Community development lending had a positive affect on the Lending Test conclusions. TCB has provided several loans in support of community development projects, particularly with regard to affordable housing to LMI individuals and families.
- Investments reflect an adequate responsiveness to the needs of the Dallas MSA AA considering the high level of investment opportunities available.
- The bank’s service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area.

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 household and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the 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

Texas Capital Bank, N. A. (TCB) is an independent national banking association headquartered in Dallas, Texas with total assets of \$3.7 billion as of December 31, 2006. The bank was established in December of 1998 through the acquisition of Resource Bank, National Association. The bank is wholly owned by Texas Capital Bancshares, Inc. (TCBI), a one-bank holding company.

TCB operates in the state of Texas, with eight banking centers located throughout Austin, Dallas, Fort Worth (FW), Houston, and San Antonio. In the prior evaluation period, TCB had nine branches. The FW-Belknap location was closed during the current evaluation period bringing the total number of branches down to eight. In addition, the bank has an offshore branch in the Grand Cayman Island. The purpose of this branch is for the bank to have the ability to offer corporate, commercial, and institutional customer bank liability investment products that are free of maturity and withdrawal restrictions. This is a category B branch allowing for time deposits only. Individual customer accounts for transaction purposes are prohibited.

TCB's business strategy is to build an independent bank that focuses primarily on middle market business customers and high net worth individual customers in each of the major metropolitan markets of Texas. To achieve this goal, the bank will grow their loan and deposit base in existing markets by hiring additional experienced Texas bankers and opening strategically located banking centers. TCB will improve financial performance through efficient management of its infrastructure and capital base.

Middle market businesses are those with annual revenues between \$1 million and \$250 million. High net worth individuals, are generally defined as customers with net worth in excess of \$1 million. The bank believes these core customers are under served in Texas, with virtually all large independent Texas banks being purchased by large nationwide banks. It is the bank's belief that these customers generally have the size and sophistication to demand customized products and services. A significant amount of growth has been due to the bank's concentration on this under served segment of the marketplace.

TCB serves a diverse market with a wide range of demographics and varying degrees of competition. The bank has experienced substantial growth since the prior review. As of December 31, 2006, the bank's loans total \$2.9 billion with deposits of \$3.1 billion and a loan to deposit ratio of 94 percent. The loan portfolio is comprised of 45 percent in real estate loans and 51 percent commercial loans. Loans held for sale consist primarily of single family residential mortgages funded through the residential mortgage lending group or mortgage warehouse group, which was discontinued as of June 30, 2007.

There are no legal, financial, or other factors that may impede the bank's ability to meet the credit needs in its assessment areas.

The bank's CRA performance was last evaluated on July 12, 2004, at which time the bank received a rating of "satisfactory." A review of OCC records and the bank's public file revealed no complaints related to the bank's CRA performance.

Scope of the Evaluation

Evaluation period/Products Evaluated

The evaluation is based on the review period from January 1, 2004 thru December 31, 2006 (2004-2006) using the 2000 Census demographic information. Refer to Appendix B for the facts and data.

Conclusions regarding the Lending Test are based on small business and HMDA reportable loans from the 2004-2006 evaluation period. The community development lending performance analysis considered loans made since the previous CRA examination and includes loans made from July 13, 2004 thru July 9, 2007. TCB did not make any small loans to farms, thus Tables 7 and 12 have been eliminated from the PE.

The Investment Test included a review of investments, grants, and donations made within the AAs that meet the definition of community development investments. The Service Test included a review of retail and community development services provided in the bank's AAs. The evaluation period for community development investments and services is July 13, 2004 thru July 9, 2007.

Data Integrity

A Data Integrity Review was conducted in May 2007 to determine the accuracy of TCB's HMDA, small business, community development loan, and other loan data. We reviewed a sample of loans the bank reported for the years 2006. We found the 2006 HMDA data to be reliable. We found the loan data from the previous two years to be reliable. We reviewed all of the bank's community development investments and services to ensure they met the definition for community development.

Selection of Areas for Full-Scope Review

TCB has designated five AAs: the Austin MSA, the Dallas MSA, the Fort Worth/Arlington MSA, the Houston MSA, and the San Antonio MSA. The Dallas MSA AA was selected for the full-scope review because this area is where the bank maintains a substantial share of its business with 78 percent of the deposits and 61 percent of the reportable loans in the 2004-2006 evaluation period. A limited scope review was conducted for the remaining four MSAs. Refer to the tables in Appendix C for more information.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. Small business lending was given more weight in the overall conclusions than home mortgage products since the bank's primary focus is commercial lending. However, home purchase lending was given more weight than home improvement, home refinance, and multifamily loans.

Other

Community contacts were conducted prior to this examination with local nonprofit organizations in the Dallas MSA AA. The credit needs and community development opportunities in the bank's full-scope AA were addressed. The organization's objectives are to attract investments, specifically funding of real estate development loans, and jobs to the inter-city of Dallas focusing on low-to-moderate income individuals and households.

The contacts indicated that while there is a high level of community development opportunities, area banks are reluctant to be on the ground level of any project, and that a level of "sophistication" was needed to address the lingering issues of urban blight and decay. It was further indicated that large national banks participated in a number of projects and programs, in fact dominating the projects. However, the initial phase of most projects and programs lacked funding and sponsorship. The primary needs identified by the community contact were economic development, construction financing and jobs for the inter-city.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Dallas MSA AA is good.

Lending Activity

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

Overall lending activity using both evaluation periods reflects an adequate responsiveness to the credit needs within TCB's full-scope AA. During the 2004-2006 evaluation period, TCB is ranked 12th with a 1.7 percent of the deposit market share. Based on 2005 aggregate small business data, the bank ranks 23rd in small business loans with a less than 1 percent market share. Based on 2005 peer mortgage data, the bank is ranked 116th with an overall market share for all home mortgage loans combined at less than 1 percent.

Distribution of Loans by Income Level of the Geography

Overall, the geographic distribution of loans is adequate. The home mortgage loan distribution is adequate with the percentage of loans in low- and moderate-income geographies is less than the percentage of owner occupied units. More weight is being given to the geographic distribution of small business loans because business lending is a primary focus for the bank. Small business loan distribution is adequate with the bank's penetration in the low- income geographies less than the percentage of businesses in the geography. Small business loan distribution is good in moderate-income geographies exceeding the percentage of businesses in the geography.

Home Mortgage Loans

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

Overall, the geographic distribution of home mortgage loans is adequate. The percentage of home purchase loans in the low- and moderate-income tracts is lower than the percentage of owner-occupied housing units in low- and moderate-income geographies for the 2004-2006 evaluation period. For the evaluation period, the bank's percentage of home improvement and refinance lending was below the percentage of owner occupied units in low- and moderate-income geographies.

Market share for home purchase, home improvement and refinance is below the bank's overall market share.

Multi-Family Loans

An evaluation of the geographic distribution of multi-family loans in the AA is not meaningful as very few loans of this type were originated in the AA during either evaluation period.

Small Loans to Businesses

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

The geographic distribution of small business loans is adequate. In the 2004-2006 evaluation period, the percentage of small business loans originated in both the low-income census tracts was less than the percentage of small business loans in low-income geographies. The percentage of moderate-income census tracts exceeded the percentage of small businesses in the moderate-income geographies.

Market share for small loans to business is below the bank's market share in low-income geographies. Market share for small loans to businesses exceed overall market share.

Lending Gap Analysis

Our review included an evaluation of TCB's geographic distribution of home mortgage loans, and small loans to businesses. The analysis was conducted using maps and reports showing the bank's lending in each census tract within the Dallas MSA AA. No unexplained conspicuous gaps in lending were identified.

Inside/Outside Ratio

The bank's distribution of loans inside/outside of their AAs is adequate. A majority of the home mortgage loans, small loans to businesses and farms, and community development (CD) loans originated/purchased by TCB over the evaluation period were within its AAs. Approximately 39 percent of home mortgage loans, 92 percent of small business loans, 79 percent of small farm loans and 100 percent of the CD loans were within its AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending.

Distribution of Loans by Income Level of the Borrower

TCB's distribution of loans to borrowers of different income levels and businesses of different sizes is adequate. Lending to small businesses is the most significant factor in assessing the borrower distribution. The bank achieved poor penetration to LMI borrowers with its home mortgage lending and adequate penetration to businesses with revenues of \$1 million or less.

Home Mortgage Loans

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

The distribution of home mortgage loans to borrowers of different income levels is poor. Based on the 2000 census data, 11.1 percent of the households in the AA are below the poverty level and the median housing value is \$89,425. The bank's home mortgage lending is nonexistent or significantly less than the demographics for low-income borrowers for both evaluation periods. Home purchase, home improvement, and home mortgage refinance is poor as the bank's performance is below the demographics. Market share for the remaining home mortgage loans were substantially below the overall market share.

Small Loans to Businesses

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

The distribution of loans to small businesses is adequate. The percentage of loans to businesses with revenues of \$1 million or less is below demographics for the evaluation period. For the 2004-2006 evaluation period the bank's market share of small loans to businesses is below its overall market share.

Community Development Lending

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

Community development lending had a positive affect on the Lending Test conclusion in TCB's full-scope AA. During the 2004-2006 evaluation period, the bank originated 30 loans totaling \$31.8 million in the AAs and 3 loans totaling \$14.5 million outside the AAs. A majority of the loans made during the evaluation period were to construct affordable housing. Most of the loans were to builders that specialize in constructing affordable housing projects.

Product Innovation and Flexibility

TCB does not offer innovative or flexible loan products.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Austin MSA, Fort Worth/Arlington MSA, San Antonio MSA, and the Houston MSA AAs is not inconsistent with the bank's overall "Low Satisfactory" rating performance under the lending test.

INVESTMENT TEST

The bank's performance under the investment test is "Low Satisfactory". Based on a full-scope review, the bank's performance in the Dallas MSA is adequate.

Conclusions for Areas Receiving Full-Scope Reviews

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

Qualifying investments are investments, deposits, membership's shares or grants that have as their primary purpose community development, as defined in the CRA regulation. TCB's qualifying investments are centered in debt or equity investments and donations with the primary purpose of affordable housing and community development services targeted to low- and moderate-income households.

The majority of the dollar amount of qualified investments (63 percent) represents debt securities targeted to support community development activities such as, single and multi-family affordable housing, small business lending and job creations. TCB purchased \$4.3 million of these qualified investments during the evaluation period. Prior period investment in this fund totals \$1.3 million and remains outstanding.

Investments also consist of donations extended to organizations within the AA that promote community development as defined by the regulation. TCB has contributed \$88 thousand in donations to qualified programs during this evaluation period.

Although, TCB's investments are not particularly innovative or complex, they are responsive to community development needs in the AA. A high level of community development investment opportunities exist in the Dallas MSA AA.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited scope reviews, the bank's performance under the investment test in the Austin MSA, Houston MSA and San Antonio MSA are not inconsistent with the bank's overall "Low Satisfactory" performance under the investment test. However, TCB's performance in the Fort Worth MSA is stronger than the bank's "Low-Satisfactory" rating. Minimal weight was given to the investment results of the limited scope AA given the bank's limited market share of deposits and loans.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Dallas MSA is adequate

Retail Banking Services

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

TCB's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the Dallas MSA AA. TCB has four branches and three ATMs within the Dallas MSA AA. According to the 2000 census data, the main branch, which is located downtown on McKinney Ave, is located within an upper income census tract, and borders two middle income tracts. The branch on LBJ freeway is located within an upper income tract, but closely borders a moderate income tract, which allows for the bank to effectively service moderate-income individuals. The Plano branch is in an upper-income tract and is surrounded by upper-income tracts, and the North Central Expressway branch is located within a middle-income tract, and borders upper-income tracts.

Two of the three ATMs are located within upper-income tracts, while one is located within a middle-income tract. The bank does not have any branches or ATMs located within the low-and-moderate-income tracts. The bank did not open or close any branches within the Dallas MSA AA.

Business hours for all branches in all MSAs are consistent, with extended Friday afternoon hours. There are no significant differences in hours of operations or services offered between bank locations.

Community Development Services

The level of community development services that TCB provides to the Dallas MSA is adequate. The level of community service is limited. The bank's primary activity is to support financial literacy. The following is an overview of the community development services provided by the bank:

- Bank officers teach financial literacy programs to LMI individuals through various non-profit organizations;
- Bank officers serve on boards of organizations that provide affordable housing to LMI individuals;
- Bank officers assist various non-profit organizations with the preparation of financial reporting documents, as most do not have expertise in this area; and
- Bank officers are working with state agencies in an effort to train teachers on teaching financial literacy to high school students, a program that has been mandated by the governor of Texas.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the San Antonio MSA AA, and Austin MSA AA is not inconsistent with the bank's overall performance under the Service Test in the Dallas MSA AA. The bank's performance in the Houston MSA AA is weaker than the bank's overall "Low Satisfactory" rating. The Houston branch office is not in close proximity to any low- or moderate-income tracts, thereby hindering the delivery of

bank services to low- and moderate-income areas. Performance in the Fort Worth MSA AA is stronger in a moderate-income tract. The tract is surrounded by low- or moderate-income tracts. Minimal weight was given to the service test results of the limited-scope AAs given the bank's limited market share of deposits and loans.

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): 01/01/04 thru 12/31/06	
	Investment and Service Tests and CD Loans: 07/13/04 thru 07/09/2007	
Financial Institution	Products Reviewed	
Texas Capital Bank, National Association (TCB) Dallas, Texas	Home mortgage loans, small business loans, community development loans, investments and retail and community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not applicable – No affiliate lending was evaluated	Not applicable	Not applicable
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Dallas MSA	Full-Scope	
Austin MSA	Limited-Scope	
Houston MSA	Limited-Scope	
Fort Worth/Arlington MSA	Limited-Scope	
San Antonio MSA	Limited-Scope	

Appendix B: Market Profiles for Full-Scope Areas

Dallas MSA AA

Demographic Information for Full Scope Area: Dallas MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	580	10.86	27.07	32.41	28.28	1.38
Population by Geography	2,676,248	7.73	25.25	37.93	29.06	0.02
Owner-Occupied Housing by Geography	561,477	3.77	21.17	38.75	36.32	0.00
Business by Geography	255,931	4.53	23.57	32.14	37.92	1.84
Farms by Geography	4,507	2.66	22.59	40.47	33.88	0.40
Family Distribution by Income Level	691,122	20.62	17.81	22.06	39.51	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	265,566	13.47	36.42	37.29	12.82	0.00
Median Family Income		38,754	Median Housing Value		89,425	
HUD Adjusted Median Family Income for 2002		66,500	Unemployment Rate (1990 US Census)		3.2%	
Households Below Poverty Level		11.07%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 US Census and 2002 HUD updated MFI

The Dallas MSA AA is comprised of eight counties: Collin, Dallas, Denton, Ellis, Henderson, Hunt, Kaufman and Rockwall. The 1990 US Census reflects 580 CTs in the AA with 63 or 11 percent low-income, 157 or 27 percent moderate-income, 188 or 32 percent middle-income, 164 or 28 percent upper-income, and eight or one percent classified as Not Applicable. An increase in the number of CTs was experienced for the 2000 US Census: 701 CTs with 63 or 9 percent low-income, 211 or 30 percent moderate-income, 217 or 31 percent middle-income, 206 or 29 percent upper-income, and four or one percent Not Applicable. The deposit data as of June 30, 2002, indicates TCB has a 1.65 percent deposit market share in the Dallas MSA AA and as of June 30, 2003, the bank had a 1.79 percent deposit market share. A full-scope review was conducted for the Dallas MSA AA.

TCB operates in the state of Texas, with nine banking centers in Austin, Dallas, Fort Worth, Houston, and San Antonio. Five of the nine branches were opened prior to 2000. During the evaluation periods, a branch in Fort Worth and one in Austin were moved. Also during this period a new branch in Houston was opened. The bank has an Internet-based operation, BankDirect, and an offshore branch in the Grand Cayman Island.

TCB's primary strategy is to build an independent bank that focuses primarily on commercial and relationship lending. The Dallas MSA has 127 institutions that have offices located throughout the metropolis. TCB competes with other bank holding companies, state and national commercial banks, savings and loan associations, consumer finance companies, credit unions, securities brokerages, insurance companies, mortgage banking companies, money market mutual funds, asset-based non-bank lenders and other financial institutions. TCB management believe that many of these competitors have substantially greater financial resources, lending limits and larger retail branch networks, and are able to offer a broader range of products and services. The primary competitors of TCB in the Dallas MSA AA are Wells Fargo Bank, JP Morgan/Chase, Washington Mutual, Bank One, Bank of America, Citibank, Countywide, and Compass Bank. The majority of these banks are large multi-regional national banks.

A well-diversified business environment supports the economy of the Dallas MSA AA with emphasis in manufacturing, high technology, and education. TCB serves a diverse market with a wide range of demographics and varying degrees of competition. The bank has experienced substantial growth since the prior review.

The community contact conducted during this examination revealed that the primary needs are economic development, construction financing, and jobs for the inter-city. It was also mentioned that local banks could be more aggressive in getting involved financially or providing technical assistance during the initial phase of projects and programs versus their involvement towards the end of a particular project or program. Despite this, the community contact stated that area banks are generally meeting the credit needs of the community.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and percent 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/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area 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/Assessment Area 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 Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- 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/assessment area. 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 assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 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/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/Assessment Area 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 Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

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

Table 1. Lending Volume

LENDING VOLUME		Geography: Texas				EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31, 2006						
MA/Assessment Area (2006):	% 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:												
TCB - Dallas MSA	45.20	1,220	217,405	983	240,426	2	109	8	10,243	2,213	468,183	73.74
Limited Review*:												
TCB - Austin MSA	8.45	206	45,308	206	52,015	0	0	2	962	414	98,285	6.97
TCB - Fort Worth MSA	19.07	667	67,446	261	76,268	2	131	1	760	931	144,605	4.71
TCB - Houston MSA	17.30	409	67,325	430	114,682	5	617	3	15,002	847	197,626	8.64
TCB - San Antonio	9.98	135	19,731	346	74,798	6	1,383	16	4,834	503	100,746	5.92

* Outside the assessment are 2 loans totaling \$14,500,000

* Loan Data as of December 31, 2006. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2006 to December 31, 2006.

*** Deposit Data as of May 02, 2007. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: Texas				EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31, 2006									
MA/Assessment Area:	Total Home Purchase 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	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
TCB - Dallas MSA	1,038	46.53	2.57	0.67	20.21	12.24	36.31	39.88	40.91	47.21	0.10	0.00	0.06	0.07	0.13	
Limited Review:																
TCB - Austin MSA	158	7.08	2.79	1.27	18.90	17.09	42.63	37.97	35.68	43.67	0.02	0.00	0.00	0.02	0.03	
TCB - Fort Worth MSA	584	26.18	3.14	3.94	18.57	8.56	43.89	50.00	34.39	37.50	0.09	0.00	0.05	0.14	0.06	
TCB - Houston MSA	365	16.36	2.87	1.92	23.19	11.78	32.97	23.56	40.97	62.74	0.02	0.14	0.04	0.00	0.02	
TCB - San Antonio MSA	86	3.85	1.49	0.00	28.43	18.60	37.16	25.58	32.91	55.81	0.03	0.00	0.06	0.02	0.03	

* Based on 2004 Peer Mortgage Data (Southern)

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

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT 2006			Geography: Texas				EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31,					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
TCB - Dallas MSA	14	33.33	2.57	0.00	20.21	0.00	36.31	21.43	40.91	78.57	0.06	0.00	0.00	0.00	0.13	
Limited Review:																
TCB - Austin MSA	13	30.95	2.79	0.00	18.90	0.00	42.63	15.38	35.68	84.62	0.03	0.00	0.00	0.00	0.08	
TCB - Fort Worth MSA	1	2.38	3.14	0.00	18.57	0.00	43.89	100.00	34.39	0.00	0.02	0.00	0.00	0.05	0.00	
TCB - Houston MSA	4	9.52	2.87	0.00	23.19	0.00	32.97	25.00	40.97	75.00	0.02	0.00	0.00	0.00	0.04	
TCB - San Antonio MSA	10	23.81	1.49	0.00	28.43	0.00	37.16	10.00	32.91	90.00	0.07	0.00	0.00	0.08	0.13	

* Based on 2004 Peer Mortgage Data (Southern)

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

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE 2006			Geography: Texas				EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31,					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
TCB - Dallas MSA	163	47.38	2.57	4.29	20.21	6.13	36.31	32.52	40.91	57.06	0.05	0.00	0.02	0.05	0.06	
Limited Review:																
TCB - Austin MSA	30	8.72	2.79	0.00	18.90	10.00	42.63	26.67	35.68	63.33	0.01	0.00	0.00	0.01	0.01	
TCB - Fort Worth MSA	80	23.26	3.14	0.00	18.57	41.25	43.89	30.00	34.39	28.75	0.04	0.00	0.07	0.02	0.04	
TCB - Houston MSA	37	10.76	2.87	0.00	23.19	8.11	32.97	16.22	40.97	75.68	0.01	0.00	0.01	0.01	0.01	
TCB - San Antonio MSA	34	9.88	1.49	0.00	28.43	23.53	37.16	17.65	32.91	58.82	0.04	0.00	0.03	0.03	0.04	

* Based on 2004 Peer Mortgage Data (Southern)

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

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: Texas				EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31, 2006						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:																
TCB - Dallas MSA	5	25.00	14.32	60.00	30.42	0.00	33.46	20.00	21.80	20.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
TCB - Austin MSA	5	25.00	18.86	20.00	30.99	60.00	35.24	20.00	14.91	0.00	1.50	5.26	2.08	0.00	0.00	
TCB - Fort Worth MSA	2	10.00	7.03	0.00	28.60	50.00	45.61	0.00	18.76	50.00	0.00	0.00	0.00	0.00	0.00	
TCB - Houston MSA	3	15.00	9.84	0.00	35.87	33.33	30.30	33.33	23.99	33.33	0.33	0.00	0.80	0.00	0.00	
TCB - San Antonio MSA	5	25.00	1.81	0.00	35.34	20.00	40.82	60.00	22.03	20.00	5.00	0.00	0.00	8.82	9.09	

* Based on 2004 Peer Mortgage Data (Southern)

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

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES 2006			Geography: Texas				EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31,					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans						
Full Review:																
TCB - Dallas MSA	968	44.38	4.24	2.48	23.70	25.10	34.16	28.41	36.98	44.01	0.31	0.24	0.44	0.25	0.30	
Limited Review:																
TCB - Austin MSA	206	9.45	4.60	1.46	19.05	19.42	38.91	37.86	37.34	41.26	0.16	0.15	0.20	0.15	0.19	
TCB - Fort Worth MSA	261	11.97	3.29	6.51	24.74	35.63	40.69	29.89	31.28	27.97	0.18	0.48	0.28	0.15	0.16	
TCB - Houston MSA	424	19.44	4.93	5.19	25.31	18.16	28.43	20.99	40.81	55.66	0.10	0.14	0.09	0.06	0.13	
TCB- San Antonio MSA	322	14.76	1.82	4.35	26.59	24.84	37.97	27.95	33.41	42.86	0.29	1.09	0.22	0.25	0.30	

* Based on 2005 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 (2006).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: Texas				EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31, 2006									
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:																
TCB - Dallas MSA	2	13.33	2.46	0.00	19.75	50.00	41.34	50.00	36.21	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
TCB - Austin MSA	0	0.00	2.42	0.00	17.84	0.00	49.36	0.00	30.38	0.00	0.00	0.00	0.00	0.00	0.00	
TCB - Fort Worth SA	2	13.33	1.59	0.00	16.51	50.00	50.57	50.00	31.33	0.00	0.00	0.00	0.00	0.00	0.00	
TCB - Houston MSA	5	33.33	2.70	20.00	20.30	20.00	38.68	40.00	38.21	20.00	0.00	0.00	0.00	0.00	0.00	
TCB - San Antonio MSA	6	40.00	0.73	0.00	16.00	16.67	49.57	16.67	33.53	66.67	0.20	0.00	1.41	0.00	0.00	

* Based on 2005 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 (2006).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: Texas						EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31, 2006							
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 ¹	% BANK Loans ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{**}	% BANK Loans ^{****}	Overall	Low	Mod	Mid	Upp
Full Review:															
TCB - Dallas MSA	1,038	46.53	21.32	1.13	18.00	12.08	20.39	20.77	40.30	66.03	0.11	0.00	0.05	0.11	0.15
Limited Review:															
TCB - Austin MSA	158	7.08	19.76	0.87	18.30	14.78	22.76	14.78	39.17	69.57	0.02	0.00	0.00	0.01	0.04
TCB - Fort Worth MSA	584	26.18	19.56	1.06	18.78	9.09	21.95	22.41	39.71	67.44	0.08	0.02	0.03	0.07	0.13
TCB - Houston MSA	365	16.36	22.61	1.06	17.36	5.99	18.97	26.41	41.06	66.55	0.01	0.00	0.00	0.00	0.03
TCB - San Antonio MSA	86	3.85	21.16	1.89	17.99	5.66	20.54	18.87	40.31	73.58	0.03	0.00	0.02	0.01	0.05

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

^{**} As a percentage of loans with borrower income information available. No information was available for 18.8% 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.

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT 2006		Geography: Texas						EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31,							
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 ²	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
TCB - Dallas MSA	14	33.33	21.32	0.00	18.00	7.14	20.39	0.00	40.30	92.86	0.07	0.00	0.00	0.00	0.13
Limited Review:															
TCB - Austin MSA	13	30.95	19.76	0.00	18.30	0.00	22.76	0.00	39.17	100.00	0.04	0.00	0.00	0.00	0.08
TCB - Fort Worth MSA	1	2.38	19.56	0.00	18.78	0.00	21.95	0.00	39.71	100.00	0.02	0.00	0.00	0.00	0.05
TCB - Houston MSA	4	9.52	22.61	0.00	17.36	0.00	18.97	25.00	41.06	75.00	0.02	0.00	0.00	0.04	0.02
TCB - San Antonio MSA	10	23.81	21.16	0.00	17.99	0.00	20.54	0.00	40.31	100.00	0.08	0.00	0.00	0.00	0.17

* Based on 2004 Peer Mortgage Data (Southern)

** As a percentage of loans with borrower income information available. No information was available for 23.8% 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.

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE 2006		Geography: Texas						EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31,							
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 ³	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp
Full Review:															
TCB - Dallas MSA	163	47.38	21.32	4.41	18.00	3.68	20.39	17.65	40.30	74.26	0.06	0.04	0.01	0.05	0.08
Limited Review:															
TCB - Austin MSA	30	8.72	19.76	0.00	18.30	10.71	22.76	39.29	39.17	50.00	0.01	0.00	0.00	0.03	0.01
TCB - Fort Worth SA	80	23.26	19.56	0.00	18.78	4.69	21.95	18.75	39.71	76.56	0.04	0.00	0.00	0.01	0.07
TCB - Houston MSA	37	10.76	22.61	0.00	17.36	0.00	18.97	24.24	41.06	75.76	0.01	0.00	0.00	0.01	0.02
TCB - San Antonio MSA	34	9.88	21.16	3.45	17.99	0.00	20.54	3.45	40.31	93.10	0.05	0.06	0.00	0.00	0.08

* Based on 2004 Peer Mortgage Data (Southern)

** As a percentage of loans with borrower income information available. No information was available for 15.7% 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.

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES 2006				Geography: Texas		EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31,			
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:									
TCB - Dallas MSA	983	44.16	66.78	36.93	48.32	18.82	32.86	0.31	0.23
Limited Review:									
TCB - Austin MSA	206	9.25	67.27	44.66	47.57	20.87	31.55	0.16	0.16
TCB - Fort Worth MSA	261	11.73	65.66	42.15	32.57	27.59	39.85	0.18	0.19
TCB - Houston MSA	430	19.32	68.09	48.14	40.70	22.79	36.51	0.10	0.09
TCB - San Antonio MSA	346	15.54	66.94	50.29	48.27	26.01	25.72	0.29	0.32

* Based on 2005 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 - 2006).

**** 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 11.59% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS 2006			Geography: Texas		EVALUATION PERIOD: JANUARY 1, 2004 TO DECEMBER 31,				
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:									
TCB - Dallas MSA	2	13.33	91.21	0.00	100.00	0.00	0.00	0.00	0.00
Limited Review:									
TCB - Austin MSA	0	0.00	92.11	0.00	0.00	0.00	0.00	0.00	0.00
TCB - Fort Worth MSA	2	13.33	92.19	50.00	100.00	0.00	0.00	0.00	0.00
TCB - Houston MSA	5	33.33	91.73	40.00	40.00	60.00	0.00	0.00	0.00
TCB - San Antonio MSA	6	40.00	92.63	66.67	33.33	33.33	33.33	0.20	0.00

^{*} Based on 2005 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 - 2006).

^{****} 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 6.67% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: TEXAS				EVALUATION PERIOD: JULY 13, 2004 TO JULY 9, 2007			
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:									
TCB - Dallas MSA	3	2198	22	4637	25	6835	71	2	498
Limited Review:									
TCB - Austin MSA	3	548	5	142	8	690	7	0	0
TCB - Fort Worth MSA	3	511	8	330	11	841	9	0	0
TCB - Houston MSA	1	44	3	501	4	545	5	1	1595
TCB - San Antonio MSA	3	305	5	449	8	754	8	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: Texas EVALUATION PERIOD: JULY 13, 2004 TO JULY 9, 2007																		
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population				
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography				
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
Full Review:																		
TCB - Dallas MSA	73.74	4	55.56	0.00	0.00	25.00	75.00	0	0	0	0	0	0	7.60	27.39	34.04	30.98	
Limited Review:																		
TCB - Austin MSA	6.97	1	11.11	0.00	0.00	0.00	100.0	0	0	0	0	0	0	8.31	25.66	39.38	26.46	
TCB - Fort Worth MSA	4.71	1	11.11	0.00	100.0	0.00	0.00	1	1	-1	+1	0	0	5.10	24.80	41.72	28.37	
TCB - Houston MSA	8.64	1	11.11	0.00	0.00	0.00	100.0	0	0	0	0	0	0	6.43	30.28	31.45	31.74	
TCB- San Antonio MSA**	5.92	2	22.22	0.00	0.00	0.00	100.0	1	0	0	0	0	+1	2.45	35.31	35.83	26.41	

*Deposit Information as of June 30, 2006

**Income level of census tract based off one branch (Broadway St.); income level for Mulberry branch census tract is unknown