



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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Public Disclosure

July 12, 2004

Community Reinvestment Act  
**Performance Evaluation**

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

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

Performance Levels	Texas Capital Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		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 good.
- The overall borrower distribution of lending is adequate. For both evaluation periods, the penetration of small business loans to small businesses is slightly 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, N.A. 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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 or a block numbering area 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 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).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

**Limited 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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the 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, National Association (TCB, N.A.) is an independent national banking association headquartered in Dallas, Texas, with total assets of \$2.2 billion and Tier I capital at 9.77% as of December 31, 2003. 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, N.A. is an intrastate bank operating 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 these periods a new branch in Houston was opened. The bank has an Internet-based operation, BankDirect, and an offshore branch in the Grand Cayman Island. The bank's strategy concentrates on commercial lending.

TCB, N.A. 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, 2003, the bank's total loans were \$1.3 billion and total deposits were \$1.5 billion resulting in an 87 percent loan-to-deposit ratio. Based on TCB, N.A.'s call report information, the loan portfolio as of December 31, 2003 is comprised of 52 percent real estate loans, 42 percent commercial loans, six percent other loans and leases, and one percent consumer loans. 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 using small bank CRA procedures. On December 07, 1998, under the name of Resource Bank, National Association, the bank received a rating of "Satisfactory." Beginning January 1, 2000, TCB, N.A. became a large bank under CRA guidelines thus subject to large bank CRA procedures.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation is based on two distinct time periods: January 1, 2000 thru December 31, 2002 (2000-2002 Evaluation Period) and January 1, 2003 thru December 31, 2003 (2003 Evaluation Period). The first time period will be evaluated using 1990 Census demographic information and the second will use the 2000 Census demographic information. Some differences in demographic information are evident between the two Censuses. 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 2000-2002 Evaluation Period and also loans from the 2003 Evaluation Period. At the bank's request, other loan data (non-traditional mortgage warehousing and commercial lease products) were analyzed using non-traditional mortgage warehousing loans made in 2002 and 2003, and leases made in 2001, 2002, and 2003. The community development lending performance analysis considered loans made since the previous CRA examination and includes loans made from December 8, 1998 to July 12, 2004. TCB, N.A. 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 December 8, 1998 to July 12, 2004.

More weight is being given to the 2000-2002 Evaluation Period because this period represents a larger component of data being used to analyze the bank's adherence to CRA.

### Data Integrity

A Data Integrity Review was conducted in April 2004 to determine the accuracy of TCB, N.A.'s HMDA, small business, community development loan, and other loan data. We reviewed a sample of loans the bank reported for the years 1999, 2000, 2001, 2002, and 2003. We found the 1999 HMDA data to be unreliable. As such, this data is not being considered for the evaluation. The exclusion of this data does not have a significant effect on the evaluation because of limited activity.

We found the other loan data to be reliable. We also 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, N.A. 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 84 percent of the deposits and 62 percent of the reportable loans in the 2000-



2002 Evaluation Period and 84 percent of the deposits and 55 percent of the reportable loans in the 2003 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. The other loan data, non-traditional mortgage warehousing and commercial lease products, were also considered in the rating; however, less weight was given to both product types because the non-traditional mortgage warehousing product only remains on the books a maximum of 30 days and the commercial lease product is not a primary product type for the bank.

## **Other**

A community contact was conducted during this examination with a local nonprofit organization in the Dallas MSA AA. Our goal was to discuss credit needs and community development opportunities in the bank's full-scope AA. 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 contact 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 was economic development, construction financing and jobs for the inter-city.

## **Fair Lending 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 "High 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 N.A.'s full-scope AA. During the 2000-2002 Evaluation Period, TCB, N.A. is ranked 11<sup>th</sup> with a 1.65 percent of the deposit market share. During the 2003 Evaluation Period, the bank is ranked 11<sup>th</sup> with a 1.79 percent of the deposit market share. Based on 2002 aggregate small business data, the bank ranks 27<sup>th</sup> in small business loans with 1.58 percent market share. Based on 2002 peer mortgage data, the bank is ranked 194<sup>th</sup> with an overall market share for all home mortgage loans combined at less than 1%. Market share data is not available for optional loans or the lending data for year 2003.

#### Distribution of Loans by Income Level of the Geography

Overall, the geographic distribution of loans is good. The home mortgage loan distribution is considered adequate because of the bank's adequate performance in home purchase lending. Regardless, 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 excellent with the bank's penetration in the low- and moderate-income geographies exceeding the demographics.

#### *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 each tract for the 2000-2002 Evaluation Period; however, the percentage of home purchase loans to moderate-income tracts exceeds the demographics for the 2003 Evaluation Period. For both evaluation periods, the bank's percentage of home improvement and refinance lending is below the percentage of owner occupied units in low- and moderate-income geographies except for low-income CTs in the 2003 Evaluation Period where the demographics exceeded the geographies.

2002 market share for home purchase and refinance compares with the bank's overall market share. Market share for home improvement loans is below the bank's overall market share. Market share for 2003 information is not available.

### ***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 excellent. In the 2000-2002 Evaluation Period, the percentage of small business loans originated in both the low- and moderate-income census tracts exceeds the percentage of small businesses in the low- and moderate-income geographies. In the 2003 Evaluation Period, the percentage of small business loans originated in low-income census tracts is less than the percentage of small businesses in the low-income geographies; however, the percentage of small business loans originated in moderate-income census tracts significantly exceeds the percentage of small businesses in the moderate-income geographies.

### ***Optional Loans***

Refer to Table 11a and 11b in appendix C for the facts and data used to evaluate the geographic distribution of the bank's non-traditional mortgage warehousing product originations and purchases. Also refer to Table 1 Other Products in appendix C for the volume of the commercial lease product and letters of credit.

### **Non-traditional Mortgage Warehousing Product**

Lending of the non-traditional mortgage warehousing product is poor. For both evaluation periods, the percentage of this type of loan originated in low- and moderate-income census tracts is significantly less than the percentage of households in low- and moderate-income geographies.

### **Commercial Lease Product**

The lending of the commercial lease product is very poor. All of these loans for both evaluation periods were made in middle-income geographies.

### **Letters of Credit**

TCB, N.A.'s originations of letters of credit that meet the definition of community development are good. All of the letters of credit were provided to organizations benefiting the bank's AA.

## **Lending Gap Analysis**

Our review included an evaluation of TCB, N.A.'s geographic distribution of home mortgage loans, small loans to businesses, the non-traditional mortgage warehousing product loans, and commercial leases. 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 its AAs is adequate. For the 2000-2002 Evaluation Period, the AAs consist of the following MSAs: Austin, Dallas, Fort Worth/Arlington, and San Antonio. For the 2003 Evaluation Period, the AAs consist of the above-mentioned AAs, and included the Houston MSA.

A majority of loans originated and purchased were made in the AAs. Of the small business and HMDA loans, and other loan products originated during the 2000-2002 Evaluation Period, 76 percent were made in the AAs. Performance for small business and HMDA loans were both strong with 91 percent and 93 percent of loans in the AAs. Performance for commercial lease products was also strong with 100 percent of the leases made in the AAs. Seventy-three percent of the non-traditional mortgage warehousing product were made within the AA. For the 2003 Evaluation Period, 75 percent of the small business and HMDA loans, and other loan products originated in the AA. Performance for small business and HMDA were both strong with each product having 84 percent of loans in the AAs as well as the commercial lease product with 100 percent made within the AAs. Seventy-five percent of the non-traditional mortgage warehousing product were made in the AAs. TCB, N.A.'s lending performance was positively factored into the overall analysis of the geographic distribution of lending.

## **Distribution of Loans by Income Level of the Borrower**

TCB, N.A.'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 even when considering the poverty level and cost of housing. Based on the 1990 census data, 11.07% of the households in the AA are below the poverty level and the median housing value is \$89,425. In comparison, the 2000 census data states that 10.00% of the households are below poverty level and the median cost of housing is \$118,844. Despite this information, 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. Only

the 2002-market share for home improvement lending to moderate-income borrowers compares with the bank's overall market share. Market share for the remaining home mortgage loans were substantially below the overall market share. Market share for 2003 is not available.

### ***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 both evaluations periods. For the 2000-2002 evaluation period the bank's market share of small loans to businesses is slightly below its overall market share. Market share for 2003 information is not available.

### ***Optional Loans***

Refer to Tables 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's non-traditional mortgage warehousing product originations and purchases.

### **Non-traditional Mortgage Warehousing Product**

Lending of the non-traditional mortgage warehousing product (NMWP) is adequate. For the 2000-2002 Evaluation Period, lending to low-income borrowers was below the demographics and in the 2003 Evaluation Period lending to low-income borrowers was substantially below demographics, while lending to moderate-income borrowers exceeded demographics.

### **Commercial Lease Product**

Lending of commercial lease products is poor. During the 2000-2002 Evaluation Period, nine percent of the commercial leases made were to businesses with revenues of \$1.0 million or less compared to 67 percent of the businesses with revenues of \$1.0 million or less are in the Dallas MSA AA. And during the 2003 Evaluation Period, 15 percent of the commercial leases made were to businesses with revenues of \$1.0 million or less as compared to 62 percent of the businesses with revenues of \$1.0 million or less located within the Dallas MSA AA.

### **Letters of Credit**

TCB, N.A. also offers letters of credit to organizations that meet the definition of community development. During the 2000-2002 Evaluation Period, the bank provided three letters of credit totaling \$283 thousand to provide funding to complete projects geared towards LMI individuals. During the 2003 Evaluation Period, the bank provided two letters of credit totaling \$118 thousand also for the purpose of providing funds to complete projects geared towards LMI individuals.

## 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, N.A.'s full-scope AA. During the 2000-2002 Evaluation Period, the bank originated 10 loans totaling \$10.5 million, representing 9% of December 31, 2002 Tier One Capital, that qualify as community development loans. In the 2003 Evaluation Period, TCB N.A. originated 12 loans totaling \$12.1 million, representing 8% of December 31, 2003 Tier One Capital, that also qualify as community development loans. A majority of the loans in both evaluation periods were to purchase land to construct affordable housing including both multi-family and single-family housing. Most of the loans were to builders that specialize in constructing affordable housing projects.

In addition, the bank adequately addressed the community development needs in its AAs, and therefore, consideration was also given to two community development loans originated in Corpus Christi, Texas. These loans were made during the 2003 Evaluation Period and total \$752 thousand.

## Product Innovation and Flexibility

TCB, N.A. 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 rated "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.

TCB, N.A. showed adequate responsiveness to community development investment needs in the Dallas MSA AA, given the high level of opportunities. During the 2000-2002 Evaluation Period, the bank provided \$522 thousand in qualified investments and donations. Investments

focused on affordable housing as the bank has equity investments of \$515 thousand that provided financing for twelve residential mortgages to LMI individuals in the Dallas MSA AA.

For the 2003 Evaluation Period, the bank provided \$572 thousand in qualified investments and donations. Investments focused on affordable housing as the bank has an equity investment of \$560 thousand that provided financing for eight residential mortgages to LMI individuals in the Dallas MSA AA.

Although TCB, N.A.'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 exists 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 San Antonio MSA, and the Houston MSA AAs is not inconsistent with the bank's overall "Low Satisfactory" performance under the investment test. However, TCB, N.A.'s performance in the Fort Worth/Arlington MSA and Austin MSA is stronger than the bank's "Low Satisfactory" rating. Minimal weight was given to the investment results of the limited-scope AAs 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 N.A.'s delivery systems are reasonably accessible to geographies and individuals of different income levels in the Dallas MSA AA. The bank has four branch locations and three ATMs in the full-scope AA. The main office is in the Dallas downtown area. The bank has one branch in north central Dallas, another in north Dallas, and one branch in Plano, Texas. The geographic distribution of branches and ATMs in low- and moderate-income census tracts is below the demographics of the Dallas MSA AA. The bank does not have any branches or ATMs in the low- and moderate-income census tracts.

During the 2000-2002 Evaluation Period, the bank's main office was adjacent to a low-income tract, thereby providing accessible banking services to that area. Two of the three ATMs were located in middle-income census tracts while the third ATM was in an upper-income census tract.

For the 2003 Evaluation Period, the north Dallas branch is adjacent to a moderate-income census tract, thereby providing accessible banking services to that area. One of the three



ATMs is located in a middle-income census tract and the remaining two ATMs are in upper-income census tracts. The bank did not open or close any branches in the Dallas MSA AA. All changes between the two periods are due to differences between the 1990 US Census Data and 2000 US Census Data.

TCB, N.A. offers consistent business hours, with extended Friday afternoon hours. There are no significant differences in hours of operations or services offered between bank locations. The bank ATMs are cash dispensing only.

### **Community Development Services**

TCB, N.A.'s performance in providing community development services in the Dallas MSA AA is poor. The level of community services provided is limited. The bank supports two community service organizations and also acts as a sponsor through its membership with the Federal Home Loan Bank (FHLB) to companies for the development of affordable housing. The following details the banks involvement in community development activities:

- A bank officer serves as a board member for an organization that provides educational services to troubled and disadvantaged LMI youth;
- A bank officer serve as a board member of an organization that provides affordable housing to LMI individuals; and
- Bank officers monitor compliance on six grants from the FHLB for companies that use the grants to assist in the construction of affordable housing.

### **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 and Austin MSA AAs 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/Arlington MSA AA is stronger as both of the bank's locations are in low- or moderate-income census tracts during the 2000-2002 Evaluation Period. During the 2003 Evaluation Period, one office was in a low-income census tract and the upper-income census tract due to census changes. Low- or moderate-income census tracts surround both of these offices. 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 in these areas.

Refer to Table 15 in appendix C for the facts and data that support these conclusions.

## 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/00 thru 12/31/02 and 01/01/03 thru 12/31/03  Investment and Service Tests and CD Loans: 12/08/98 thru 12/31/02 and 01/01/03 thru 07/12/04	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Texas Capital Bank, National Association (TCB, N.A.) Dallas, Texas	Home mortgage loans, small business loans, non-traditional mortgage warehousing product, commercial lease product, community development loans, investments and retail and community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not applicable – No affiliate lending was evaluated	Not applicable	Not applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Dallas MSA	Full-Scope	
Austin MSA	Limited-Scope	
Fort Worth/Arlington MSA	Limited-Scope	
San Antonio MSA	Limited-Scope	
Added for the 2003 Evaluation Period		
Houston MSA	Limited-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

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#### Market Profiles for Areas Receiving Full-Scope Reviews

Dallas MSA AA .....	B-3
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**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, N.A. 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, N.A. 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, N.A.'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, N.A. 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, N.A. 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, N.A. 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 regional 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, N.A. 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

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### 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: 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. Tables without data are not included in this PE.

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, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- 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) (a)1990 Census Information & (b) 2000 Census Information** - 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 with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**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		2000-2002 Evaluation Period: <u>JANUARY 1, 2000</u> thru <u>DECEMBER 31, 2002</u>								
MA/Assessment Area (2002):	% 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)	
<b>Full Review:</b>												
Dallas MSA AA	61.61	219	34,191	333	60,377	0	0	10	10,504	562	105,072	83.58
<b>Limited Review:</b>												
Austin MSA	7.81	5	684	65	18,539	0	0	1	1,600	71	20,823	4.18
Fort Worth/Arlington MSA	13.95	22	1,915	103	22,978	0	0	6	3,484	131	28,377	6.23
San Antonio MSA	16.63	14	3,238	135	29,887	0	0	0	0	149	33,125	6.01

LENDING VOLUME		Geography: TEXAS		2003 Evaluation Period: <u>JANUARY 1, 2003</u> thru <u>DECEMBER 31, 2003</u>								
MA/Assessment Area (2003):	% 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)	
<b>Full Review:</b>												
Dallas MSA AA	55.32	137	32,566	201	44,172	0	0	12	12,120	350	88,858	83.99
<b>Limited Review:</b>												
Austin MSA	7.04	10	2,265	33	7,605	0	0	2	3,157	45	13,027	4.47
Fort Worth/Arlington MSA	16.20	30	2,735	69	15,554	0	0	4	1,287	103	19,576	5.64
San Antonio MSA	14.57	21	2,840	68	14,131	0	0	2	537	91	17,508	5.91
Houston MSA	6.87	6	854	36	11,408	0	0	0	0	42	12,262	0.00
Statewide/Outside AA	0.00	0	0	0	0	0	0	2	752	2	752	0.00

\* Loan Data as of December 31, 2002 and ° Loan Data as of December 31, 2003. Rated area refers **through** either the state or multi-state MA rating area. The evaluation period for Community Development Loans is from \*\* January 01, 2000 **through** December 31, 2002 and °° January 01, 2003 **through** July 12, 2004. \*\*\* Deposit Data as of June 30, 2002 and °°° Deposit Data as of June 30, 2003. Rated Area refers **through** the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: TEXAS				2000-2002 Evaluation Period: <u>JANUARY 1, 2000</u> thru <u>DECEMBER 31, 2002</u>								
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Letters of Credit**		Commercial Lease Product**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Dallas MSA AA	63.02	4,212	559,934	0	0	0	0	0	0	3	283	240	7,819	83.58
<b>Limited Review:</b>														
Austin MSA	7.94	531	83,658	0	0	0	0	0	0	1	34	0	0	4.18
Fort Worth/Arlington MSA	25.77	1,721	220,300	0	0	0	0	0	0	0	0	0	0	6.23
San Antonio MSA	3.28	219	24,478	0	0	0	0	0	0	0	0	0	0	6.01

LENDING VOLUME		Geography: TEXAS				2003 Evaluation Period: <u>JANUARY 1, 2003</u> thru <u>DECEMBER 31, 2003</u>								
MA/Assessment Area (2003):	% of Rated Area Loans (#) in MA/AA <sup>o</sup>	Total Optional Loans <sup>oo</sup>		Small Business Real Estate Secured <sup>oo</sup>		Home Equity <sup>oo</sup>		Motor Vehicle <sup>oo</sup>		Letters of Credit <sup>oo</sup>		Commercial Lease Product <sup>oo</sup>		% of Rated Area Deposits in AA <sup>ooo</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Dallas MSA AA	51.60	6,173	1,345,933	0	0	0	0	0	0	2	118	119	4,918	83.99
<b>Limited Review:</b>														
Austin MSA	9.09	1,087	200,661	0	0	0	0	0	0	0	0	0	0	4.47
Fort Worth/Arlington MSA	18.14	2,169	356,968	0	0	0	0	0	0	0	0	0	0	5.64
San Antonio MSA	3.85	461	62,283	0	0	0	0	0	0	0	0	0	0	5.91
Houston MSA	17.32	2,071	318,967	0	0	0	0	0	0	0	0	0	0	0.00

\* Loan Data as of December 31, 2002 and <sup>o</sup>Loan Data as of December 31, 2003. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 01, 2000 through December 31, 2002 and <sup>oo</sup> January 01, 2003 through December 31, 2003.

\*\*\* Deposit Data as of June 30, 2002 and <sup>ooo</sup>Deposit Data as of June 30, 2003. Rated Area refers to the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME					Geography: TEXAS		2000-2002 Evaluation Period: <u>JANUARY 1, 2000</u> thru <u>DECEMBER 31, 2002</u>		
MA/Assessment Area (2002):	Other Unsecured Consumer Loans <sup>*</sup>			Non-traditional Mortgage Warehousing Product <sup>*</sup>					
	#	\$ (000's)		#	\$ (000's)				
<b>Full Review:</b>									
Dallas MSA AA	0	0	0	3,969	0	551,832			
<b>Limited Review:</b>									
Austin MSA	0	0	0	530	0	83,624			
Fort Worth/Arlington MSA	0	0	0	1,721	0	220,300			
San Antonio MSA	0	0	0	219	0	24,478			

LENDING VOLUME					Geography: TEXAS		2003 Evaluation Period: <u>JANUARY 1, 2003</u> thru <u>DECEMBER 31, 2003</u>		
MA/Assessment Area (2003):	Other Unsecured Consumer Loans <sup>o</sup>			Non-traditional Mortgage Warehousing Product <sup>o</sup>					
	#	\$ (000's)		#	\$ (000's)				
<b>Full Review:</b>									
Dallas MSA AA	0	0	0	6,052	0	1,340,897			
<b>Limited Review:</b>									
Austin MSA	0	0	0	1,087	0	200,661			
Fort Worth/Arlington MSA	0	0	0	2,169	0	356,968			
San Antonio MSA	0	0	0	461	0	62,283			
Houston MSA	0	0	0	2,071	0	318,967			

<sup>\*</sup> The evaluation period for Optional Product Line(s) is From January 01, 2000 through December 31, 2002 and <sup>o</sup> January 01, 2003 through December 31, 2003.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: TEXAS				2000-2002 Evaluation Period: <b>JANUARY 1, 2000</b> thru <b>DECEMBER 31, 2002</b>									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% 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
<b>Full Review:</b>															
Dallas MSA AA	156	87.15	3.77	1.28	21.17	7.05	38.75	16.67	36.32	75.00	0.06	0.05	0.08	0.03	0.08
<b>Limited Review:</b>															
Austin MSA	3	1.68	4.15	0.00	18.53	66.67	43.20	0.00	34.12	33.33	0.00	0.00	0.00	0.00	0.01
Fort Worth/Arlington MSA	15	8.38	3.11	0.00	19.46	6.67	43.93	46.67	33.50	46.67	0.01	0.00	0.01	0.01	0.00
San Antonio MSA	5	2.79	4.97	0.00	25.34	60.00	35.59	20.00	34.10	20.00	0.01	0.00	0.08	0.01	0.00

Geographic Distribution: HOME PURCHASE		Geography: TEXAS				2003 Evaluation Period: <b>JANUARY 1, 2003</b> thru <b>DECEMBER 31, 2003</b>									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>o</sup>				
	#	% of Total**	% Owner Occ Units <sup>o o o</sup>	% BANK Loans	% Owner Occ Units <sup>o o o</sup>	% BANK Loans	% Owner Occ Units <sup>o o o</sup>	% BANK Loans	% Owner Occ Units <sup>o o o</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dallas MSA AA	91	63.64	2.57	1.10	19.56	19.78	35.85	20.88	42.01	58.24	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Austin MSA	8	5.59	2.50	12.50	19.19	25.00	42.63	37.50	35.68	25.00	0.00	0.00	0.00	0.00	0.00
Fort Worth/Arlington MSA	23	16.08	3.14	8.70	18.57	34.78	43.89	21.74	34.39	34.78	0.00	0.00	0.00	0.00	0.00
San Antonio MSA	15	10.49	1.49	0.00	28.43	20.00	37.16	60.00	32.91	20.00	0.00	0.00	0.00	0.00	0.00
Houston MSA	6	4.20	3.10	0.00	22.86	33.33	31.49	16.67	42.55	50.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 Peer Mortgage Data: Southwest Region. ° Based on Peer Data is not available.

\*\* 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 housing units in a particular geography divided by the number of owner occupied housing units in the area based on \*\*\*1990 Census information and <sup>ooo</sup> 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: TEXAS		2000-2002 Evaluation Period: JANUARY 1, 2000 thru DECEMBER 31, 2002											
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dallas MSA AA	27	93.10	3.77	0.00	21.17	3.70	38.75	29.63	36.32	66.67	0.07	0.00	0.00	0.15	0.04
<b>Limited Review:</b>															
Austin MSA	0	0.00	4.15	0.00	18.53	0.00	43.20	0.00	34.12	0.00	0.00	0.00	0.00	0.00	0.00
Fort Worth/Arlington MSA	1	3.45	3.11	0.00	19.46	0.00	43.93	0.00	33.50	100.00	0.00	0.00	0.00	0.00	0.00
San Antonio MSA	1	3.45	4.97	0.00	25.34	0.00	35.59	0.00	34.10	100.00	0.00	0.00	0.00	0.00	0.00

Geographic Distribution: HOME IMPROVEMENT		Geography: TEXAS		2003 Evaluation Period: JANUARY 1, 2003 thru DECEMBER 31, 2003											
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>o</sup>				
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>ooo</sup>	% BANK Loans	% Owner Occ Units <sup>ooo</sup>	% BANK Loans	% Owner Occ Units <sup>ooo</sup>	% BANK Loans	% Owner Occ Units <sup>ooo</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dallas MSA AA	6	54.55	2.57	0.00	19.56	0.00	35.85	33.33	42.01	66.67	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Austin MSA	0	0.00	2.50	0.00	19.19	0.00	42.63	0.00	35.68	0.00	0.00	0.00	0.00	0.00	0.00
Fort Worth/Arlington MSA	2	18.18	3.14	0.00	18.57	0.00	43.89	50.00	34.39	50.00	0.00	0.00	0.00	0.00	0.00
San Antonio MSA	3	27.27	1.49	0.00	28.43	0.00	37.16	33.33	32.91	66.67	0.00	0.00	0.00	0.00	0.00
Houston MSA	0	0.00	3.10	0.00	22.86	0.00	31.49	0.00	42.55	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on 2002 Peer Mortgage Data: Southwest Region. <sup>o</sup>Based on Peer Data is not available.

<sup>\*\*</sup> 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 housing units in a particular geography divided by number of owner occupied housing units in the area based on <sup>\*\*\*</sup> 1990 Census information and <sup>ooo</sup>2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: TEXAS				2000-2002 Evaluation Period: JANUARY 1, 2000 thru DECEMBER 31, 2002						Market Share (%) by Geography <sup>†</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance 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						
<b>Full Review:</b>																
Dallas MSA AA	33	70.21	3.77	0.00	21.17	9.09	38.75	24.24	36.32	66.67	0.01	0.00	0.01	0.00	0.02	
<b>Limited Review:</b>																
Austin MSA	1	2.13	4.15	0.00	18.53	0.00	43.20	0.00	34.12	100.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth/Arlington MSA	6	12.77	3.11	0.00	19.46	16.67	43.93	33.33	33.50	50.00	0.00	0.00	0.00	0.00	0.00	
San Antonio MSA	7	14.89	4.97	0.00	25.34	0.00	35.59	0.00	34.10	100.00	0.00	0.00	0.00	0.00	0.00	

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: TEXAS				2003 Evaluation Period: JANUARY 1, 2003 thru DECEMBER 31, 2003						Market Share (%) by Geography <sup>‡</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance 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						
<b>Full Review:</b>																
Dallas MSA AA	40	81.63	2.57	35.00	19.56	0.00	35.85	0.00	42.01	65.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Austin MSA	1	2.04	2.50	0.00	19.19	0.00	42.63	0.00	35.68	100.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth/Arlington MSA	5	10.20	3.14	0.00	18.57	60.00	43.89	0.00	34.39	40.00	0.00	0.00	0.00	0.00	0.00	
San Antonio MSA	3	6.12	1.49	0.00	28.43	0.00	37.16	100.00	32.91	0.00	0.00	0.00	0.00	0.00	0.00	
Houston MSA	0	0.00	3.10	0.00	22.86	0.00	31.49	0.00	42.55	0.00	0.00	0.00	0.00	0.00	0.00	

<sup>†</sup> Based on 2002 Peer Mortgage Data: Southwest Region. <sup>‡</sup> Based on Peer Data is not available.

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

Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on \*\*\* 1990 Census information and \*\*\*\*2000 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: TEXAS				2000-2002 Evaluation Period: <u>JANUARY 1, 2000</u> thru <u>DECEMBER 31, 2002</u>						Market Share (%) by Geography <sup>*</sup>				
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						
<b>Full Review:</b>																
Dallas MSA AA	3	60.00	13.33	66.67	29.79	0.00	37.67	0.00	19.21	33.33	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
San Antonio MSA	1	20.00	5.16	0.00	19.05	0.00	54.84	100.00	20.95	0.00	1.69	0.00	0.00	3.13	0.00	
Fort Worth/Arlington MSA	0	0.00	5.17	0.00	30.57	0.00	42.78	0.00	21.48	0.00	0.00	0.00	0.00	0.00	0.00	
Austin MSA	1	20.00	14.08	0.00	37.79	100.00	28.25	0.00	19.87	0.00	0.00	0.00	0.00	0.00	0.00	

Geographic Distribution: MULTIFAMILY		Geography: TEXAS				2003 Evaluation Period: <u>JANUARY 1, 2003</u> thru <u>DECEMBER 31, 2003</u>						Market Share (%) by Geography <sup>o</sup>				
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 <sup>ooo</sup>	% BANK Loans	% MF Units <sup>ooo</sup>	% BANK Loans	% MF Units <sup>ooo</sup>	% BANK Loans	% MF Units <sup>ooo</sup>	% BANK Loans						
<b>Full Review:</b>																
Dallas MSA AA	0	0.00	14.32	0.00	30.24	0.00	32.05	0.00	23.38	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
San Antonio MSA	0	0.00	1.81	0.00	35.31	0.00	40.80	0.00	22.02	0.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth/Arlington MSA	0	0.00	7.03	0.00	28.60	0.00	45.61	0.00	18.76	0.00	0.00	0.00	0.00	0.00	0.00	
Austin MSA	1	100.00	16.88	0.00	32.97	0.00	35.24	100.00	14.91	0.00	0.00	0.00	0.00	0.00	0.00	
Houston MSA	0	0.00	9.96	0.00	35.30	0.00	30.90	0.00	23.84	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data: Southwest Region. <sup>o</sup>Based on Peer Data is not available.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on \*\*\*1990 Census information and <sup>ooo</sup>2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANSTO BUSINESSES		Geography: TEXAS					2000-2002 Evaluation Period: JANUARY 1, 2000 thru DECEMBER 31, 2002					Market Share (%) by Geography <sup>*</sup>				
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 Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans						
<b>Full Review:</b>																
Dallas MSA AA	333	52.36	4.53	6.15	23.57	27.69	32.14	29.54	37.92	36.62	0.35	0.25	0.29	0.70	0.17	
<b>Limited Review:</b>																
Austin MSA	65	10.22	5.11	3.08	17.22	13.85	39.45	41.54	38.09	41.54	0.08	0.13	0.07	0.08	0.09	
Fort Worth/Arlington MSA	103	16.19	8.28	10.68	19.24	35.92	39.73	28.16	32.75	25.24	0.14	0.30	0.25	0.11	0.10	
San Antonio MSA	135	21.23	4.26	3.70	20.76	20.74	36.26	37.04	38.70	38.52	0.22	0.21	0.18	0.28	0.21	

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: TEXAS					2003 Evaluation Period: JANUARY 1, 2003 thru DECEMBER 31, 2003					Market Share (%) by Geography <sup>o</sup>				
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 Businesses** *	% BANK Loans	% of Businesses** *	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans						
<b>Full Review:</b>																
Dallas MSA AA	201	49.39	4.26	3.03	24.84	32.32	32.63	20.71	37.17	43.94	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Austin MSA	33	8.11	4.58	0.00	20.68	15.15	37.02	36.36	37.63	48.48	0.00	0.00	0.00	0.00	0.00	
Fort Worth/Arlington MSA	69	16.95	3.46	4.35	26.77	49.28	40.14	26.09	29.63	20.29	0.00	0.00	0.00	0.00	0.00	
San Antonio MSA	68	16.71	1.99	0.00	28.17	18.03	37.68	18.03	31.95	63.93	0.00	0.00	0.00	0.00	0.00	
Houston MSA	36	8.85	5.35	5.56	25.53	36.11	26.51	16.67	42.08	41.67	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Small Business Data: US and PR. <sup>o</sup>Based on Aggregate Small Business Data Only.

\*\* Small loans through businesses originated and purchased in the MA/AA as a percentage of all small loans through businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2003).



**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: TEXAS		2000-2002 Evaluation Period: <u>JANUARY 1, 2000</u> thru <u>DECEMBER 31, 2002</u>													
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>						
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Dallas MSA AA	156	87.15	20.62	0.71	17.81	4.29	22.06	16.43	39.51	78.57	0.06	0.00	0.01	0.03	0.12		
<b>Limited Review:</b>																	
Austin MSA	3	1.68	20.93	0.00	17.41	0.00	22.47	0.00	39.19	100.00	0.00	0.00	0.00	0.00	0.00		
Fort Worth/Arlington MSA	15	8.38	19.56	0.00	17.84	0.00	23.29	7.14	39.31	92.86	0.01	0.00	0.00	0.01	0.02		
San Antonio MSA	5	2.79	22.54	0.00	17.15	20.00	20.15	0.00	40.17	80.00	0.01	0.00	0.02	0.00	0.02		

Borrower Distribution: HOME PURCHASE		Geography: TEXAS		2003 Evaluation Period: <u>JANUARY 1, 2003</u> thru <u>DECEMBER 31, 2003</u>													
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>o</sup>						
	#	% of Total <sup>oo</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Dallas MSA AA	91	63.64	20.82	1.54	17.77	6.15	20.21	21.54	41.20	70.77	0.00	0.00	0.00	0.00	0.00		
<b>Limited Review:</b>																	
Austin MSA	8	5.59	19.71	0.00	18.27	0.00	22.73	0.00	39.28	0.00	0.00	0.00	0.00	0.00	0.00		
Fort Worth/Arlington MSA	23	16.08	19.00	0.00	18.38	11.11	21.70	22.22	40.92	66.67	0.00	0.00	0.00	0.00	0.00		
San Antonio MSA	15	10.49	20.83	0.00	17.78	0.00	20.38	0.00	41.01	100.00	0.00	0.00	0.00	0.00	0.00		
Houston MSA	6	4.20	22.50	0.00	17.23	0.00	18.78	50.00	41.49	50.00	0.00	0.00	0.00	0.00	0.00		

<sup>\*</sup> Based on 2002 Peer Mortgage Data: Southwest Region. <sup>o</sup> Based on Peer Data is not available.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 10.06% of loans originated and purchased by BANK for the 2000-2002 Evaluation Period. <sup>oo</sup> No information was available for 44.76% of loans originated and purchased by BANK for the 2003 Evaluation Period.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information and <sup>ooo</sup> based on the 2000 Census information.

<sup>\*\*\*\*</sup> 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					2000-2002 Evaluation Period: JANUARY 1, 2000 thru DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>													
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Dallas MSA AA	27	93.10	20.62	0.00	17.81	3.70	22.06	22.22	39.51	74.07	0.07	0.00	0.08	0.06	0.09									
<b>Limited Review:</b>																								
Austin MSA	0	0.00	20.93	0.00	17.41	0.00	22.47	0.00	39.19	0.00	0.00	0.00	0.00	0.00	0.00									
Fort Worth/Arlington MSA	1	3.45	19.56	0.00	17.84	0.00	23.29	0.00	39.31	100.00	0.00	0.00	0.00	0.00	0.00									
San Antonio MSA	1	3.45	22.54	0.00	17.15	0.00	20.15	0.00	40.17	100.00	0.00	0.00	0.00	0.00	0.00									

Borrower Distribution: HOME IMPROVEMENT															Geography: TEXAS					2003 Evaluation Period: JANUARY 1, 2003 thru DECEMBER 31, 2003				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>o</sup>													
	#	% of Total <sup>oo</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Dallas MSA AA	6	54.55	20.82	0.00	17.77	0.00	20.21	20.00	41.20	80.00	0.00	0.00	0.00	0.00	0.00									
<b>Limited Review:</b>																								
Austin MSA	0	0.00	19.71	0.00	18.27	0.00	22.73	0.00	39.28	0.00	0.00	0.00	0.00	0.00	0.00									
Fort Worth/Arlington MSA	2	18.18	19.00	0.00	18.38	0.00	21.70	0.00	40.92	100.00	0.00	0.00	0.00	0.00	0.00									
San Antonio MSA	3	27.27	20.83	0.00	17.78	0.00	20.38	0.00	41.01	100.00	0.00	0.00	0.00	0.00	0.00									
Houston MSA	0	0.00	22.50	0.00	17.23	0.00	18.78	0.00	41.49	0.00	0.00	0.00	0.00	0.00	0.00									

\* Based on 2002 Peer Mortgage Data: Southwest Region. ° Based on Peer Data is not available.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK for the 2000-2002 Evaluation Period. °° No information was available for 18.18% of loans originated and purchased by BANK for the 2003 Evaluation Period.

\*\*\* Percentage of Families is based on the 1990 Census information and °°°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					2000-2002 Evaluation Period: <u>JANUARY 1, 2000</u> thru <u>DECEMBER 31, 2002</u>					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Dallas MSA AA	33	70.21	20.62	0.00	17.81	9.09	22.06	12.12	39.51	78.79	0.02	0.00	0.01	0.01	0.02	
<b>Limited Review:</b>																
Austin MSA	1	2.13	20.93	0.00	17.41	0.00	22.47	0.00	39.19	0.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth/Arlington MSA	6	12.77	19.56	0.00	17.84	0.00	23.29	0.00	39.31	100.00	0.00	0.00	0.00	0.00	0.01	
San Antonio MSA	7	14.89	22.54	0.00	17.15	0.00	20.15	0.00	40.17	100.00	0.00	0.00	0.00	0.00	0.01	

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: TEXAS					2003 Evaluation Period: <u>JANUARY 1, 2003</u> thru <u>DECEMBER 31, 2003</u>					Market Share <sup>o</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>oo</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>	% Families <sup>ooo</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Dallas MSA AA	40	81.63	20.82	0.00	17.77	4.00	20.21	4.00	41.20	92.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Austin MSA	1	2.04	19.71	0.00	18.27	0.00	22.73	0.00	39.28	100.00	0.00	0.00	0.00	0.00	0.00	
Fort Worth/Arlington MSA	5	10.20	19.00	0.00	18.38	0.00	21.70	50.00	40.92	50.00	0.00	0.00	0.00	0.00	0.00	
San Antonio MSA	3	6.12	20.83	0.00	17.78	0.00	20.38	0.00	41.01	100.00	0.00	0.00	0.00	0.00	0.00	
Houston MSA	0	0.00	22.50	0.00	17.23	0.00	18.78	0.00	41.49	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data: Southwest Region. ° Based on Peer Data is not available.

\*\* As a percentage of loans with borrower income information available. No information was available for 2.13% of loans originated and purchased by BANK for the 2000-2002 Evaluation Period. °° No information was available for 32.65% of loans originated and purchased by BANK for the 2003 Evaluation Period.

\*\*\* Percentage of Families is based on the 1990 Census information and °°°the 2000 Census information.

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

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: TEXAS			2000-2002 Evaluation Period: <u>JANUARY 1, 2000 thru DECEMBER 31, 2002</u>				
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 <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Dallas MSA AA	333	52.36	66.56	42.34	53.45	23.72	22.82	0.35	0.30
<b>Limited Review:</b>									
Austin MSA	65	10.22	69.33	41.54	33.85	29.23	36.92	0.08	0.12
Fort Worth/Arlington MSA	103	16.19	69.96	46.60	39.81	31.07	29.13	0.14	0.23
San Antonio MSA	135	21.23	71.49	58.52	51.85	16.30	31.85	0.22	0.42

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: TEXAS			2003 Evaluation Period: <u>JANUARY 1, 2003 thru DECEMBER 31, 2003</u>				
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 <sup>°</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Dallas MSA AA	201	49.39	61.63	49.75	48.26	24.38	27.36	0.00	0.00
<b>Limited Review:</b>									
Austin MSA	33	8.11	63.01	63.64	39.39	33.33	27.27	0.00	0.00
Fort Worth/Arlington MSA	69	16.95	63.70	50.72	46.38	27.54	26.09	0.00	0.00
San Antonio MSA	68	16.71	63.04	50.00	51.47	23.53	25.00	0.00	0.00
Houston MSA	36	8.85	62.46	50.00	25.00	27.78	47.22	0.00	0.00

\* Based on 2002 Peer Small Business Data: US and PR. ° Based on Aggregate Small Business Data Only.

\*\* Small loans through businesses originated and purchased in the MA/AA as a percentage of all small loans through 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 - 2003).

\*\*\*\* Small loans through businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans through businesses. No information was available for 6.29% of small loans through businesses originated and purchased by the bank for the 2000-2002 Evaluation Period. \*\*\*\* No information was available for 5.90% of small loans through businesses originated and purchased by the bank for the 2003 Evaluation Period.

Table 13a. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)

Geographic and Borrower Distribution: Non-traditional Mortgage Warehousing Product			Geography: TEXAS								2000-2002 Evaluation Period: <u>JANUARY 1, 2000</u> thru <u>DECEMBER 31, 2002</u>							
MA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total	% of Hhlds**	% of BANK Loans	% of Hhlds* *	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds* *	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans
<b>Full Review:</b>																		
Dallas MSA AA	3,969	61.64	6.95	1.46	24.80	9.02	38.77	43.99	29.48	45.50	22.05	11.59	16.99	27.25	20.07	25.44	40.89	35.71
<b>Limited Review:</b>																		
Austin MSA	530	8.23	7.26	0.75	26.53	11.51	38.68	41.70	27.53	46.04	24.28	6.68	16.31	18.51	18.17	27.86	41.24	46.95
Fort Worth/Arlington MSA	1,721	26.73	4.31	0.35	23.62	11.62	43.53	48.05	28.54	39.98	21.95	6.12	16.91	22.60	20.71	30.04	40.43	41.25
San Antonio MSA	219	3.40	6.25	0.00	25.29	3.20	39.15	43.38	29.31	53.42	24.02	2.82	16.00	18.31	18.84	26.76	41.15	52.11

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of Households is based on the 1990 Census Information.

**Table 13b. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: Non-traditional Mortgage Warehousing Product																			Geography: TEXAS				2003 Evaluation Period: <u>JANUARY 2, 2003 thru DECEMBER 31, 2003</u>			
MA/Assessment Area:	Geographic Distribution										Borrower Distribution															
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers									
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans								
<b>Full Review:</b>																										
Dallas MSA AA	6,052	51.11	6.88	0.94	24.85	11.30	35.18	32.98	33.09	54.78	21.33	8.41	17.70	21.56	19.18	24.68	41.78	45.36								
<b>Limited Review:</b>																										
Austin MSA	1,087	9.18	7.07	2.58	25.59	10.03	40.67	40.39	26.68	47.01	22.26	4.70	17.27	17.93	19.60	27.61	40.86	49.76								
Fort Worth/Arlington MSA	2,169	18.32	4.59	0.60	23.43	8.44	44.06	38.31	27.92	52.65	21.09	6.21	17.55	18.38	19.91	27.58	41.44	47.83								
Houston MSA	2,071	17.49	6.32	0.68	28.58	6.81	31.41	23.80	33.69	68.71	22.91	2.58	16.94	13.43	18.20	20.86	41.95	63.13								
San Antonio MSA	461	3.89	2.08	0.00	32.41	10.85	37.66	32.10	27.84	57.05	22.44	4.23	16.48	16.93	19.32	23.81	41.76	55.03								

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of Households is based on the 2000 Census Information.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: TEXAS		2000-2002 Evaluation Period: <u>JANUARY 1, 2000</u> thru <u>DECEMBER 31, 2002</u>					
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Dallas MSA AA	0	0	6	522	6	522	25.98	0	0
<b>Limited Review:</b>									
Austin MSA	0	0	2	781	3	781	38.87	0	0
Fort Worth/Arlington MSA	0	0	3	591	3	591	29.42	0	0
San Antonio MSA	0	0	2	115	2	115	5.73	0	0
Statewide/Regional Investments	0	0	1	1	1	1	0.00	0	0

QUALIFIED INVESTMENTS		Geography: TEXAS		2003 Evaluation Period: <u>JANUARY 1, 2003</u> thru <u>July 12, 2004</u>					
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Dallas MSA AA	0	0	10	572	10	572	18.66	0	0
<b>Limited Review:</b>									
Austin MSA	0	0	7	806	7	806	26.28	0	0
Fort Worth/Arlington MSA	0	0	3	442	3	442	14.41	0	0
San Antonio MSA	0	0	5	206	5	206	6.72	0	0
Houston MSA	0	0	2	1,005	2	1,005	32.76	0	0
Statewide/Regional Investments	0	0	1	36	1	36	1.17	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation 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				2000-2002 Evaluation Period: <u>JANUARY 1, 2000</u> thru <u>DECEMBER 31, 2002</u>									
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
<b>Full Review:</b>																	
Dallas MSA AA	83.58	4	50.00	0.00	0.00	50.00	50.00	0	0	0	0	0	0	7.73	25.25	37.93	29.06
<b>Limited Review:</b>																	
Austin MSA	4.18	1	12.50	0.00	0.00	0.00	100.00	0	0	0	0	0	0	7.41	26.02	39.41	27.03
Fort Worth/Arlington MSA	6.23	2	25.00	50.00	50.00	0.00	0.00	1	1	0	0	0	0	4.93	23.88	42.45	28.73
San Antonio MSA	6.01	1	12.50	0.00	0.00	0.00	100.00	0	0	0	0	0	0	7.34	28.69	36.15	27.83

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: TEXAS				2003 Evaluation Period: <u>JANUARY 1, 2003</u> thru <u>JULY 12, 2004</u>									
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
<b>Full Review:</b>																	
Dallas MSA AA	83.99	4	44.44	0.00	0.00	25.00	75.00	0	0	0	0	0	0	7.60	26.81	33.54	32.05
<b>Limited Review:</b>																	
Austin MSA	4.47	1	11.11	0.00	0.00	0.00	100.00	1	1	0	0	0	0	7.50	26.47	39.38	26.46
Fort Worth/Arlington MSA	5.64	2	22.22	50.00	0.00	0.00	50.00	0	0	0	0	0	0	5.10	24.80	41.72	28.37
*San Antonio MSA	5.91	1	11.11	0.00	0.00	0.00	0.00	0	0	0	0	0	0	2.45	35.31	35.83	26.41
Houston MSA	0.00	1	11.11	0.00	0.00	0.00	100.00	1	0	0	0	0	1	6.78	30.50	30.35	32.24

\*The income level of the census tract where this branch is located is unknown per the 2003 FFIEC Geocoding System.



