



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

April 2, 2007

Community Reinvestment Act Performance Evaluation

**Amegy Bank, N. A.
Charter Number: 17479**

**4400 Post Oak Parkway
Houston, Texas 77027**

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

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated “**Satisfactory**”.

The following table indicates the performance level of **Amegy Bank, N. A. (Amegy)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Amegy Bank, N. A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- The volume of Amegy’s lending is adequate and a majority of its loans are originated inside its assessment areas (AAs).
- Amegy’s geographic distribution of home mortgage loans is poor and its geographic distribution of small loans to businesses within its AAs is good.
- Amegy’s distribution of home mortgage loans to borrowers of different income levels is poor and its distribution of loans to businesses of all sizes is adequate.
- Amegy originated an excellent level of community development loans that are responsive to identified credit needs in its AAs and occasionally demonstrated complexity.
- Amegy funded a good level of qualified investments that are responsive to a wide variety of important community development needs in its AAs, and in the broader statewide/regional area.
- Amegy’s branch delivery system is accessible to all portions of its AAs.
- Amegy provided a high level of community development (CD) services that are responsive to a variety of identified needs in its AAs.

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

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

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

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

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

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

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

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

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

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

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of 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 (MD): As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

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

Amegy is a wholly-owned subsidiary of Zions Bancorporation (Zions), a multi-bank holding company headquartered in Salt Lake City, Utah. As of June 30, 2006, Amegy reported total assets of \$9.2 billion and a Tier One Capital position of \$644 million. Amegy is the fifth largest financial institution that is based in Texas.

Amegy is an intrastate bank with 81 banking offices throughout three assessment areas (AAs). The AAs encompass two metropolitan statistical areas (MSAs) and one non-metropolitan area in six counties throughout the state of Texas. Amegy was founded in 1990 in Houston, Texas as Southwest Bank of Texas, N.A. In its more than 16 years of operation, the bank has experienced significant growth resulting primarily from its own business development. Several mergers and acquisitions have accounted for approximately 20% of the growth since the bank's inception. In early 2005, the bank changed its name to Amegy Bank, N.A. Later that same year, Amegy merged with Zions.

Amegy is a full-service banking institution. For leading companies and small businesses in Texas and across the Southwest U.S., it serves as a source of capital, while providing treasury management, international and investment services. Amegy offers a full range of retail and private banking for families and individuals, including investment, trusts and mortgage services. Amegy prides itself on the use of technology and customer-driven solutions. The majority of the loan portfolio is comprised of commercial, industrial, and commercial real estate loans at approximately 80% of the total loan portfolio, with residential real estate loans at 15%.

Competition for deposits is strong in Texas and in Houston where we conducted a full-scope review. On a statewide basis, Amegy ranked 10th as of June 30, 2006, with a deposit market share of 1.35%. The five leading institutions are JPMorgan Chase Bank, N.A., Countrywide Bank, F.S.B., Bank of America, N.A., Wells Fargo, N.A., and USAA Federal Savings Bank with a combined market share of 50.56%. Among Texas-based institutions, Amegy has the fifth largest deposit market share, preceded by USAA, Frost National Bank, Guaranty Bank, and Texas State Bank.

There are no legal, financial, or other constraints that impede Amegy's ability to help meet the credit needs in its AAs. Amegy's last CRA examination was as of May 5, 2003. At that time, the bank received an overall rating of "Outstanding."

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated Amegy's CRA performance using Large Bank Tests in the CRA regulation. For the Lending Test, we considered Amegy's Home Mortgage Disclosure Act (HMDA) loans and CRA data (small loans to businesses) for the period of January 1, 2003, to December 31, 2006. Market comparisons were based on 2005 HMDA peer data and 2005 CRA peer data because these were the most current years available at the time of our evaluation. The evaluation period for community development (CD) loans, CD services and qualified investments is May 6, 2003, to March 19, 2007. The branch and automated teller machine (ATM) information covers the period of January 1, 2004, through March 7, 2007. Table 1a in Appendix D of this evaluation contains HMDA and CRA data for 2003 through 2006, and all CD lending for the evaluation period. Tables 1 through 12 contain 2004 through 2006 HMDA and CRA data only. Data for 2003 was considered during our evaluation but, except for Table 1a, is not included in the tables due to differences in demographic comparators caused by changes in U.S. Census data.

Data Integrity

Prior to this CRA examination, we reviewed the bank's system for testing the accuracy of publicly reported HMDA and CRA loan data. We found Amegy's systems to be effective and data to be accurate. We also reviewed the accuracy of CD loans. During this evaluation, we reviewed the accuracy of CD investments and services, and we identified a small percentage of CD activities that did not qualify. This evaluation includes only those loans, investments, and services that meet the definition and purpose of community development.

Selection of Areas for Full-Scope Review

We performed a full-scope review for one of the bank's three AAs, the Houston AA. This AA represents 96.14% of total bank deposits and 96.58% of Amegy's combined reportable loans originated or purchased between 2004 and 2006. Therefore, it is considered representative of Amegy's overall CRA performance. Limited-scope reviews were conducted in the Dallas County and Wharton County AAs.

Ratings

The overall Lending, Investment, and Service Test ratings are based primarily on conclusions drawn on the Houston AA that received a full-scope review, but were also influenced by performance in limited-scope areas. When determining the Lending Test conclusions by AA, Amegy's reported small business lending was weighted more heavily than HMDA lending because of the bank's strategic focus. Small farm loans are so few in number that they had no impact on the Lending Test. Within the bank's HMDA lending, home purchase, home improvement and mortgage refinance lending is also weighed based on volume. Geographic and borrower distribution of HMDA and small business loans are weighed equally and have the most impact on AA Lending Test conclusions. Qualitative factors such as complexity, innovation, responsiveness, and flexible lending programs are given consideration.

CD lending is considered a neutral or positive impact to overall Lending Test ratings, based on volume, complexity, and community impact of the transactions. The term “allocated Tier One Capital” is used to describe the portion of capital that is equal to the portion of deposits a specific AA represents in relation to total bank deposits. It is used only as a reference. The term is used in relation to Amegy’s CD lending and qualified investments.

The Service Test analysis focuses on Amegy’s distribution of branches by income level of the geography. However, there were instances where a branch located in a middle- or upper-income census tract was actually right on or near the border with a low- or moderate-income tract. Accordingly, our analysis considered the benefit these “bordering branches” provided to their respective communities. Changes in branch locations and CD services received a lesser amount of weight to overall conclusions. CD services, if significant, can have a positive impact on overall Service Test ratings.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Amegy's performance under the Lending Test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the Houston AA is good.

Lending Activity

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

Amegy's overall lending activity is adequate.

Amegy's lending activity in the Houston AA is adequate. The bank originated/purchased 11,025 home mortgage, small business, small farm, and CD loans in this assessment area during the evaluation period totaling \$1.3 billion. Small loans to businesses accounted for 52% of the total volume and 74% of the dollars. Home mortgage lending accounted for 48% of the total volume. We considered small farm lending, at only 0.15% of the total volume in this AA, to represent an insignificant loan category by volume. Because it would have no impact on the Lending Test, it was not analyzed.

In home mortgage lending in the Houston AA in 2005, Amegy ranks 55th out of 750 mortgage lenders. Its market share in numbers of home mortgage loans is 0.45%, compared to its deposit share of 5.84% where it ranked 4th out of 91 depository financial institutions. Countrywide Home Loans is the dominant mortgage lender in this AA with an overall market share of 10.52%. In small business lending, Amegy ranked 15th in the number of loans originated/purchased for a market share of 1.12%. By contrast, the bank ranked 6th in terms of small business loan dollar volume for a market share of 4.76%. This also indicates adequate lending activity.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of home mortgage loans and loans to small businesses is good in the Houston AA.

Home Mortgage Loans

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

The overall geographic distribution of home mortgage loans is poor in the Houston AA. Although Amegy's geographic distribution of home purchase and refinance mortgages is good, the volume of home improvement loans coupled with very poor performance in regard to this

product, negatively impacted HMDA performance. Multifamily lending volumes were too nominal to provide any meaningful analyses. Therefore, no geographic distribution analysis of this product was performed.

In the Houston AA, the geographic distribution of home purchase loans is good. The bank's percentage of home purchase loans in low-income geographies is lower than the percentage of owner-occupied housing units in those geographies, which indicates adequate performance. Amegy's market share in low-income geographies exceeds its overall market share indicating excellent performance by market share. In moderate-income geographies, Amegy's home purchase lending is near to the percentage of owner-occupied housing units indicating good performance. The bank's market share significantly exceeds its overall market share, which is considered excellent performance by market share. Performance is good because lending in moderate geographies is good and lending in low geographies is adequate.

The geographic distribution of home refinance loans is good. The distribution of home refinance loans in low-income geographies is significantly lower than the demographic, indicating very poor performance. However, the bank's market share in low-income geographies significantly exceeds its overall market share, indicating excellent performance by market share. In the moderate-income geographies, the bank's percentage of home refinance loans is somewhat lower than the percentage of owner-occupied housing units indicating adequate performance. The bank's market share in moderate-income geographies also significantly exceeds its overall market share, which is considered excellent performance by market share. The overall geographic distribution of home refinance loans is good.

Home improvement lending is very poor. Home improvement lending in low-income geographies is significantly lower than the demographic, indicating very poor performance. The bank's market share in low-income geographies is also significantly lower than its overall market share indicating very poor performance by market share. In moderate-income geographies, performance is significantly lower than the demographic indicating very poor performance. Similarly, the bank's market share in moderate-income geographies is significantly below its overall market share indicating very poor performance by market share. Management states that significant attempts to reach low- and moderate-income areas of the AA have been made through marketing, special programs, and internet application access. However, competition from other financial intermediaries with relaxed credit standards and larger distribution channels, such as home improvement retailers, have hampered their success.

Small Loans to Businesses

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

The geographic distribution of small loans to businesses is good in the Houston AA.

Amegy's geographic distribution of small loans to businesses is good. In low-income geographies, lending is lower than the demographic, indicating adequate performance. The bank's market share of these loans in low-income geographies substantially meets its overall market share, indicating good performance by market share. Performance in moderate-income geographies is near to the demographic, indicating good performance. The bank's

market share in moderate-income geographies exceeds its overall market share, indicating excellent market share performance. The overall geographic distribution of small loans to businesses in the AA is considered good.

Small Loans to Farms

Refer to Table 7 in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms. Due to the nominal volume of these loans, they were not analyzed.

Lending Gap Analysis

We analyzed the bank's home mortgage and small business lending patterns using maps and other reports. We found no conspicuous gaps or geographic areas with abnormally low loan penetration that could not be adequately explained.

Inside/Outside Ratio

A substantial volume of the bank's lending occurred within its combined AAs. During the four year reporting period, the percentages of lending within all AAs by product are: home purchase loans (77.5%), home refinance loans (92.6%), home improvement loans (89.6%), multifamily loans (100%), small loans to businesses (92.6%), and small loans to farms (87.6%).

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of home mortgage, small business, and small farm loans is adequate in the Houston AA.

Home Mortgage Loans

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

The overall borrower income distribution of home mortgage loans is poor in the Houston AA. Although the borrower distribution of Amegy's home purchase loans is good and borrower distribution of refinance mortgages is adequate, the volume of home improvement loans coupled with very poor performance with regard to this product, negatively impacted HMDA performance.

The borrower distribution of home purchase loans is good in the Houston AA. The bank's performance in making home purchase loans to low-income families is poor. However, the bank's market share of home purchase loans to low-income families significantly exceeds its overall market share, indicating excellent market share performance. For moderate-income families, Amegy's home purchase lending significantly exceeds the percentage of moderate-income families, indicating excellent performance. However, the bank's market share of home purchase loans to moderate-income families is lower than its overall market share, indicating

adequate market share performance. Overall home purchase lending to low- and moderate-income families is good.

Home refinance lending is adequate. Home refinance lending to low-income families is significantly lower than the demographics, indicating very poor performance. However, the bank's market share of home refinance loans to low-income families matches its overall market share, indicating excellent market share performance. Lending to moderate-income families is lower than the demographics, which indicates adequate performance. However, the bank's market share of these loans to moderate-income families is significantly below its overall market share, thus indicating very poor market share performance. Overall home refinance lending to low- and moderate-income families is adequate.

Home improvement lending is very poor. Home improvement lending to low-income families is significantly lower than the demographics, indicating very poor performance. The bank's market share in lending to low-income families is significantly below its overall market share, indicating very poor market share performance. Similarly, lending to moderate-income families is significantly lower than the demographics, indicating very poor performance. The bank's market share in lending to moderate-income families is significantly below its overall market share, indicating very poor performance by market share. Overall home improvement lending is considered very poor. Again, management states that significant attempts to reach low- and moderate-income families in Amegy's AA have been made through marketing, special programs, and internet application access. However, competition from other financial intermediaries with relaxed credit standards and larger distribution channels, such as home improvement retailers, have hampered their success.

Small Loans to Businesses

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

Lending to small businesses in the Houston AA is adequate. The percentage of small loans to businesses with revenues less than \$1 million is lower than the demographics. This indicates adequate performance. Approximately 66% of these loans were in amounts less than \$100,000, which indicates many of these loans are to smaller businesses. The market share of loans to businesses with revenues less than \$1 million exceeds the bank's overall market share, which indicates excellent market share performance. Amegy's 1.12% market share ranked the bank 15th out of 179 small business lenders based on the number of loans. The market is dominated by four lenders, each having a market share exceeding 10%. These lenders include Citibank USA, Capital One, Chase Bank, and Wells Fargo Bank. The average loan size for the top three lenders is just \$5,600, which seems to indicate a predominance of credit card lending. Amegy's average loan size is \$146,000. Overall performance in originating small loans to businesses is adequate.

Small Loans to Farms

Refer to Table 12 in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms. Amegy originated 17 loans of this type during the evaluation period. Due to the nominal volume of these loans, they were not analyzed.

Community Development Lending

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

CD lending in the Houston AA had a positive impact on Amegy's overall lending performance. In the Houston AA, the bank originated or purchased 129 CD loans totaling \$85.7 million. This dollar volume represents 13.8% of the area's allocated Tier One Capital¹. No qualifying CD loans were made in the limited-scope AAs. Approximately 79.2% of the CD loan dollars helped to create affordable housing for low- and moderate-income families. Affordable housing is one of the primary credit needs identified through discussions with local community organizations. The remaining dollars helped to fund organizations and programs that provide essential services for low- and moderate-income families in the AAs. Some examples of CD lending include:

- During 2004, the bank financed \$7.5 million in operating capital to the Houston branch of a national college-preparatory school. The schools are free to underserved students to develop the knowledge, skills, and character traits needed to succeed in top quality high schools and colleges. The students served by the school are primarily from low- and moderate-income families and more than 80% of the students qualify for the federal free and reduced price meals program. During 2006, the bank provided \$3 million in additional funding to the school to construct a new school.
- During 2005, the bank provided more than \$18.3 million in construction financing to the local housing authority to construct a 250-unit Low-Income Housing Tax Credit rental property in a low-income area of Houston.
- During 2006, the bank provided more than \$6.5 million in construction financing to a local housing authority in Houston to construct the Lincoln Park Apartments Project. The project will create 200 units of low-income housing, along with 50 market-rate units. These low-income housing units are targeted to low-income tenants, with 71.5% of those units being reserved for tenants with very low incomes.

Product Innovation and Flexibility

Amegy continues to use flexible lending programs to enhance its efforts to meet the credit needs in its AAs, primarily the residential lending needs of low- and moderate-income (LMI) persons. Under various programs, including several for first-time homebuyers, the Amegy Affordable Housing Loan staff originated 430 loans totaling over \$36 million to LMI borrowers during the evaluation period. The average loan size was just over \$84 thousand.

¹ Tier One Capital is allocated between the bank's assessment areas based on the percentage distribution of deposits as of June 30, 2006. This allows us to compare the respective community development loans and investments to the Tier One Capital allocated to each assessment area.

The loan programs include the FNMA Affordable Housing Loan Program, FNMA Community Homebuyer Program, the FNMA Flex 97 and Flex 100 Community Homebuyer Program, Harris County Mortgage Assistance Program, City of Baytown Homebuyer's Assistance Program, Southeast Texas Housing Down Payment Assistance Program, and Fort Bend County Housing Assistance Program. The bank also began using a new loan product, called the ITIN Mortgage Loan Product, which is targeted to LMI immigrants and the unbanked to help them buy homes. Borrowers must reside and work in the U.S. and have filed federal income tax returns for at least the preceding two years, and be able to demonstrate consistent earnings. The bank has allocated \$15 million for this program, and possibly another \$15 million depending on the program's success. Since inception in September 2006, the bank funded 14 loans totaling over \$1.3 million.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Dallas County AA and in the Wharton County AA is weaker than the bank's overall "High Satisfactory" performance. The geographic and borrower income distributions for HMDA loans were both very poor. The geographic distribution of lending to small businesses was excellent while lending to businesses of different sizes was adequate. Lacking any community development lending in the Dallas County AA and Wharton County AA, performance is adequate. Refer to Tables 1 through 11 in Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Amegy's performance under the Investment Test is rated "High Satisfactory". This is based on the bank's overall responsiveness to the most pressing needs in the AA and in the broader statewide/regional area, their complexity, and the dollar volume of qualified investments.

Amegy's qualified investments totaled more than \$17 million or 2.71% of Tier One Capital. The bank funded \$11 million in investments (\$10.4 million in the Houston AA and \$500 thousand in the broader statewide/regional area), grants, and donations in Texas for the evaluation period from May 5, 2003, through March 19, 2007. This benefited 120 different entities that meet CD needs in the AAs. Within the context of the opportunities and resources available, this is considered an overall good level of investments that are responsive to a variety of important CD needs. There were also thirteen prior period investments totaling over \$2.7 million, which included the \$654 thousand remaining balance of an investment in a small business investment partnership and \$1.7 million in six low-income housing tax credit projects that also had a positive impact upon our evaluation because they are considered complex investments. The remainder of current period investments consists of qualified grants and donations.

Special investments were made during the current evaluation period outside the bank's AA, and they deserve mention. Under the regulation banks may receive positive consideration for CRA-related activities that benefit designated disaster areas within the broader statewide or regional areas surrounding a bank's AAs. Generally, investments in other geographic areas would receive no credit. However, due to the unprecedented impact from Hurricane Katrina, national banks located outside that designated disaster area may receive positive CRA consideration for activities that revitalize or stabilize the designated disaster areas, provided that the banks have otherwise adequately met the CRA-related needs of their local communities. Because Amegy has met this criterion, the bank receives additional positive consideration toward its CRA performance for a \$3.8 million investment in two municipal bonds directly related to the Jefferson Parrish Hurricane Relief Project in the New Orleans, LA. This is part of a \$15.0 million bond allocated through Zions First National Bank, the lead bank of Amegy's parent company, for clean-up of category B FEMA expenses. In addition, the bank purchased a \$500 thousand bond issued by the North Forest ISD, which is located in a FEMA-designated disaster area. This bond's purpose is for school repairs for damage sustained by Hurricane Katrina.

Conclusions for Areas Receiving Full-Scope Reviews

Refer to Table 14 for the facts and data used to evaluate the bank's performance under the Investment Test.

Investment Test performance in the Houston AA is adequate. In this AA, Amegy made an adequate level of investments that are responsive to a variety of important CD needs. Amegy made several significant investments during the evaluation period.

- The largest investment includes the purchase of three FNMA mortgage-backed securities totaling \$7.2 million whose underlying collateral is mortgage loans to LMI individuals and/or loans in LMI geographies in the bank's AA.

- Two investments totaling \$1 million were made to the Lone Star New Markets Funds which has received New Markets Tax Credit status from the U.S. Treasury Department. The investment provides funds to businesses located in LMI areas and businesses that provide LMI employment opportunities.
- Amegy funded a \$970 thousand bond to improve the City of Hitchcock's infrastructure. The City of Hitchcock, TX is comprised of three moderate-income census tracts.

In addition, Amegy gave \$804 thousand in grants and donations in the Houston AA. For the evaluation period, approximately 66% of the grants and donations were targeted to community services for LMI individuals and families, 18% to counseling services, and 9% to affordable housing. The investments, grants and donations benefited 115 different entities including: Community Development Corporations; Local Initiatives Support Corporation (LISC); and multiple nonprofits involved in providing small business funding, financial services, medical services, emergency shelters for battered women and youth, homeless shelters, rehabilitation, counseling, technical assistance, and other services to LMI areas or individuals. The bank has provided accounts, grants and program administration for many of its partner organizations.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, Investment Test performance in the Dallas County AA and the Wharton County AA is weaker than the overall High Satisfactory performance under the Investment Test. This weaker performance is centered in a lower amount of qualified investments relative to the bank's operations in the AA. Limited activity in Dallas County is attributable to Amegy's recent entrance into the market through acquisition of another bank whose primary emphasis was on Private Banking. Donations have increased steadily since the acquisition as the branches begin to penetrate the market. This weaker performance in limited-scope areas did not have an adverse affect on the bank's overall performance under the Investment Test.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

Amegy's performance under the Service Test is rated "High Satisfactory". Based on a full-scope review, the performance in the Houston AA is good.

Retail Banking Services

Refer to Table 15 in Appendix D for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system, and branch opening and closings.

The accessibility of Amegy's retail services is adequate. Amegy's branch delivery systems are accessible to geographies and individuals of different income levels in the Houston AA. While its percentage of branches and ATMs actually within LMI areas is generally below the population percentages/demographics, the overall proximity of bordering branches and ATMs compensates. We considered the accessibility of Amegy's services to LMI populations provided by branches that are located in geographies that border and are less than one mile from LMI census tracts. Branches that are equally near to LMI geographies were attributed to a moderate-income geography for purposes of assessing accessibility.

In the Houston AA, the bank's overall branch distributions are adequate. The bank has only two branches (2.67%) that are located in low-income geographies, resulting in a distribution that is much lower than the percentage of the population (6.97%) that resides in low-income geographies. In moderate-income areas, the bank has 14 branches (18.67%), which is lower than the percentage of the population (31.12%) that resides in moderate-income geographies. The bank also has five bordering branches, which increase accessibility by persons in low-income geographies and eleven bordering branches, which increase accessibility by persons residing in moderate-income geographies. Factoring in these bordering branches significantly and positively impacts Amegy's branch distribution and raises the conclusion about the accessibility of the bank's branch network by persons residing in LMI geographies from adequate to good. The impact of the bordering branches to the branch distributions is that seven or 9.33% of branches are accessible or readily accessible by persons who live in or near low-income areas compared to 6.97% of the population, and 25 or 33.33% of the branches are accessible or readily accessible to people in or near moderate-income areas compared to 31.12% of the population. One branch is in an uncategorized census tract that is not low-income, moderate-income, middle-income or upper-income.

Changes in Branch Locations

Amegy's branch opening and closing activity in LMI areas positively affected the accessibility of its delivery systems. During the evaluation period, the bank opened 12 branches and closed 10. There were no branches opened or closed in low-income areas. Three branches opened and one branch closed in moderate-income tracts, resulting in a net gain of two branches in moderate-income geographies. The closure in a moderate-income tract was due to an overlapping market that resulted from the Klein Bank merger.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Amegy's business hours and services offered at branch locations are reasonable. There are no major inconsistencies in the Houston AA that inconvenience certain portions of the AA, particularly LMI geographies or individuals.

Amegy offers a wide array of products and services through many of its branch locations. Amegy provides or administers products directed toward LMI individuals that include, but are not limited to, affordable home loan products, low-cost checking and savings accounts, individual development accounts that are targeted to help LMI persons save, and accounts and services targeted for small business.

The Amegy menu of accounts includes:

- **Totally Free Checking, Low Minimum with Interest Checking, and Economy Interest Checking:** The minimum opening amount is \$50 for all accounts. These accounts either have no or very low (\$100) minimum balance requirements, no or very low monthly service charges and/or no or nominal per-check charges.
- **Individual Development Accounts (IDA):** These accounts are designed to assist LMI families in generating funds necessary to purchase their own home, start a business, or finance post secondary education. Since the program's inception at Amegy, the bank has helped nine families use their IDA funds to buy affordable homes totaling \$658,239. In addition, the bank has opened another 16 deposit-only savings accounts for LMI IDA accountholders.
- **Small Business Online Banking:** The bank offers this service to its small businesses that are able to conduct some of their basic banking business over the Internet. Almost 10,000 small businesses were enrolled as of year-end 2006, an increase of over 30% from the prior year.

Community Development Services

Amegy provided a high level of CD services to its community. During the evaluation period, Amegy directors, officers, and employees contributed numerous hours of service, sharing their financial expertise with many community organizations.

Amegy's performance in providing CD services is excellent in the Houston AA. This performance was evidenced by the volume of CD services, the responsiveness of the services to community needs, the impact of the services provided by Amegy, and the leadership provided by Amegy officers and employees. Qualifying services are most responsive to the affordable housing, small business, and general financial literacy needs within the Houston AA, and Amegy participants have often demonstrated a leadership role. The most notable CD services follow:

- Amegy's CRA Officer, on several different community organizations, secured funding for 10 affordable housing projects totaling almost \$3 million and for the benefit of at least 630 LMI families. The officer provided key financial assistance in preparing applications for grants for these projects, and on an ongoing basis regarding general financial

matters. All of these housing projects were under the Federal Home Loan Bank's Affordable Housing Program, and one included Low-Income Housing Tax Credits for a 250-unit project.

- A number of Amegy officers were very active in providing financial literacy education. Over 50 professionals involved in providing or securing CD financing, training small businesses, or providing affordable housing or general financial literacy education received technical assistance. In addition, over 700 LMI families or individuals received homebuyer education, general financial literacy, or basic banking education.
- Numerous instances of other technical financial assistance were provided to a variety of CD initiatives and/or organizations, many in leadership roles. Examples include the development of an affordable housing reference manual for the Greater Houston Homebuilders Association, developing policies and procedures for and helping administer an IDA program for the Gulf Coast Community Services Association, and providing marketing expertise for an affordable housing conference.
- Amegy quickly mobilized a temporary banking center to accommodate the urgent banking needs of over 3,000 Katrina evacuees who were temporarily housed at the George R. Brown Convention Center. The bank offered free government check cashing, free ATM services, and opened over 200 accounts to help the hurricane victims conduct their banking business.
- Officers provided very significant assistance and leadership in fundraising efforts for organizations that primarily serve LMI families or individuals. The most prominent example was one executive who was personally responsible for raising \$1.5 million for the Houston Coalition for the Homeless. This person also provided technical financial assistance as a member of the Board of Directors and co-chairman of the fundraising campaign.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Dallas County AA is stronger than the bank's overall High Satisfactory performance under the Service Test because the branch distribution in the Dallas County AA is excellent compared to the percentage of the population that resides primarily in moderate-income areas. The bank's performance in the Wharton County AA is weaker than the overall High Satisfactory because the branch distribution is adequate when compared to the percentage of the population that resides in moderate-income areas, and there are no low-income geographies in this AA.

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): 01/1/03 to 12/31/06 Investment and Service Tests and CD Loans: 05/06/03 to 03/19/07	
Financial Institution	Products Reviewed	
Amegy Bank, N.A. Houston, Texas	Home purchase, home improvement, home refinance, small business, and community development loans. Community development investments and community development services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Zions First National Bank	Lead Bank of parent Holding Company	Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Dallas County AA Houston AA Wharton County AA	Limited-Scope Full-Scope Limited-Scope	Part of Dallas-Plano-Irving TX MSA #19124 Part of Houston-Sugar Land-Baytown TX MSA #26420 non-MSA

Appendix C: Market Profiles for Full-Scope Areas

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HOUSTON AAC 2

Houston AA

Demographic Information for Full Scope Area: Houston AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	815	8.59	32.15	28.34	29.94	0.98
Population by Geography	4,298,956	6.97	31.12	29.24	32.62	0.05
Owner-Occupied Housing by Geography	900,297	3.17	23.47	30.38	42.97	0.00
Business by Geography	354,665	5.25	25.61	26.58	42.01	0.56
Farms by Geography	6,085	3.19	19.56	34.97	42.15	0.13
Family Distribution by Income Level	1,081,655	22.68	17.33	18.68	41.30	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	432,795	12.34	44.79	28.18	14.69	0.00
Median Family Income HUD Adjusted Median Family Income for 2006 Households Below Poverty Level		\$51,431 \$60,900 12%	Median Housing Value Unemployment Rate (2000 US Census)		\$101,050 3.01%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2006 HUD updated MFI

The Houston AA consists of four contiguous counties and includes the City of Houston, Texas. The four counties are: Fort Bend County, Galveston County, Harris County, and Montgomery County. We evaluated these counties as one assessment area (AA). This AA meets the regulatory requirements and does not arbitrarily exclude LMI areas.

Houston is the largest city in Texas, and it is the fourth largest in the nation. U. S. Census information shows that the city's population increased almost 20% from 1.6 million in 1990 to 2 million in 2000. According to the Texas State Data Center and the Texas State Water Development Board, the Houston population will increase from 6% to 13% by 2010. Houston has the largest medical center in the world, the Texas Medical Center (TMC), and it includes the world-renowned University of Texas M. D. Anderson Cancer Center. TMC's economic impact exceeds \$10 billion annually, and it has approximately 61 thousand employees. Also, Houston is second only to New York City in Fortune 500 company headquarters. The 10 largest employers in Houston include: Houston Independent School District, City of Houston, Administaff, Continental Airlines, Memorial Herman Healthcare System, Exxon Mobil Corporation, University of Texas M. D. Anderson Cancer Center, Halliburton, Kroger, and ARAMARK Corporation.

The diversified economy in Houston is currently strong and growing, after having been significantly impacted by the well-publicized problems in the energy trading industry, mergers and consolidations in locally headquartered companies, declines in information technology consulting, and a resultant downturn in demand for business services and commercial office space. According to the U. S. Department of Labor, the annual unemployment rate peaked at 6.9% in 2003, and has steadily improved to a current rate of 4.6%.

Competition for financial products and services in the local market is intense. Major competitors in the Houston AA include branches of large national and multi-national banking

companies, regional banks, many small community banks, credit unions and non-bank financial service providers. The major banking competitors are JP Morgan Chase Bank, N. A., Bank of America, N. A., Wells Fargo Bank, N. A., Washington Mutual Bank, Compass Bank, Sterling Bank, Woodforest National Bank, Frost National Bank, and Prosperity Bank.

Houston received a designation as an Urban Round 1 Enhanced Enterprise Community (EEC) through the federal government's Empowerment Zone/Enterprise Community Program. Houston's EEC is a twenty square mile area that is comprised of the central business district and Houston's oldest neighborhoods that are also known as Wards. The EEC includes all six Wards. Houston's EEC is culturally diverse, rich in history and packed with economic opportunity. However, the EEC has a concentration of poverty, unemployment, lower educational levels, substance abuse problems, crime and neighborhood stagnation. Houston's EEC has a population of over 100,000, with 42% of the families living in poverty.

Opportunities for CD activities in the Houston AA are considered good. There are a number of nonprofits, government agencies, and other organizations active in the area that promote or provide financial services, affordable housing, small business development, and community services. Discussions with community contacts show that the primary credit needs continue to be financing for single- and multi-family affordable housing, and micro-loans and other types of credit and banking products/services for small businesses.

Appendix D: 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 % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

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

- Table 1a. 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.
- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank in 2004 and 2006 only. Comparative demographics are updated with 2000 U.S. Census data. Tables 1 through 12 also contain loan data for 2004 through 2006 only
- 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 Description.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2 Description.
- 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 Description.
- Table 10. Borrower Distribution of Home Mortgage Refinance Loans** - See Table 8 Description.
- 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 – Table not included because of insignificant volume.

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.

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.

Institution ID: Amegy BANK 17479

Table 1a. Lending Volume Summary Table (2003 – 2006)

LENDING VOLUME		Geography: STATE OF TEXAS						Evaluation Period: JANUARY 1, 2003 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:												
Houston AA	95.50	5,612	325,085	5,960	930,113	18	1,761	129	85,659	11,719	1,342,618	90.83
Limited Review:												
Dallas County AA	2.23	26	2,758	247	46,616	1	31	0	0	274	49,405	3.46
Gavelston County AA	1.76	143	8,152	72	7,971	1	4	0	0	216	16,127	5.32
Wharton County AA	0.51	47	1,268	15	1,044	0	0	0	0	62	2,312	0.40

Table 1. Lending Volume (2004-2006 ONLY)

LENDING VOLUME		Geography: STATE OF 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:												
Houston AA	96.58	3,990	198,049	4,602	711,793	13	1,616	129	85,659	8,734	997,117	96.14
Limited Review:												
Dallas County AA	2.93	21	1,611	243	44,948	1	31	0	0	265	46,590	3.46
Wharton County AA	0.49	35	926	9	794	0	0	0	0	44	1,720	0.40

*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 May 05, 2003 to March 19, 2007.

***Deposit Data as of June 30, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: STATE OF TEXAS				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	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:																
Houston AA	723	97.97	3.17	1.80	23.47	23.93	30.38	30.01	42.98	44.26	0.04	0.02	0.11	0.04	0.02	
Limited Review:																
Dallas County AA	7	0.95	4.24	0.00	29.53	0.00	35.01	14.29	31.22	85.71	0.00	0.00	0.00	0.00	0.00	
Wharton County AA	8	1.08	0.00	0.00	3.79	0.00	38.84	25.00	57.37	75.00	0.19	0.00	0.00	0.00	0.30	

* Based on 2006 Peer Mortgage Data (Western)

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

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

**** 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			Geography: STATE OF TEXAS				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006					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:																
Houston AA	3,031	98.86	3.17	0.49	23.47	9.01	30.38	25.87	42.98	64.63	7.03	1.15	3.95	7.44	8.35	
Limited Review:																
Dallas County AA	9	0.29	4.24	0.00	29.53	11.11	35.01	33.33	31.22	55.56	0.05	0.00	0.09	0.08	0.00	
Wharton County AA	26	0.85	0.00	0.00	3.79	0.00	38.84	23.08	57.37	76.92	7.89	0.00	0.00	7.14	8.70	

* Based on 2006 Peer Mortgage Data (Western)

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

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

**** 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												Geography: STATE OF TEXAS					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp						
Full Review:																					
Houston AA	234	97.50	3.17	1.28	23.47	19.23	30.38	29.06	42.98	50.43	0.30	0.00	0.29	0.28	0.35						
Limited Review:																					
Dallas County AA	5	2.08	4.24	0.00	29.53	20.00	35.01	60.00	31.22	20.00	0.01	0.00	0.01	0.01	0.00						
Wharton County AA	1	0.42	0.00	0.00	3.79	0.00	38.84	0.00	57.37	100.00	0.36	0.00	0.00	0.00	0.59						

*Based on 2006 Peer Mortgage Data (Western)

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

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

**** 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: STATE OF TEXAS					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total**	% of MF Units***	% BANK Loans***	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp						
Full Review:																					
Houston AA	2	100.00	10.07	50.00	36.27	0.00	29.97	50.00	23.70	0.00	0.00	0.00	0.00	0.00	0.00						
Limited Review:																					
Dallas County AA	0	0.00	18.13	0.00	36.96	0.00	30.79	0.00	14.12	0.00	0.00	0.00	0.00	0.00	0.00						
Wharton County AA	0	0.00	0.00	0.00	0.47	0.00	47.68	0.00	51.85	0.00	0.00	0.00	0.00	0.00	0.00						

*Based on 2006 Peer Mortgage Data (Western)

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

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

**** 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 DECEMBER 31, 2006			Geography: STATE OF TEXAS								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Houston AA	4,560	94.82	5.25	3.68	25.61	23.97	26.58	24.52	42.01	47.83	0.86	0.96	0.94	0.82	0.86
Limited Review:															
Dallas County AA	240	4.99	6.20	5.83	30.90	45.83	33.12	13.33	28.35	35.00	0.08	0.14	0.14	0.04	0.06
Wharton County AA	9	0.19	0.00	0.00	2.27	0.00	37.15	55.56	60.58	44.44	0.16	0.00	0.00	0.00	0.35

* Based on 2006 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 DECEMBER 31, 2006			Geography: STATE OF TEXAS								Evaluation Period: JANUARY 1, 2004 TO				
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	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Houston AA	13	92.86	3.19	0.00	19.56	7.69	34.97	7.69	42.15	84.62	0.63	0.00	0.77	0.00	1.08
Limited Review:															
Dallas County AA	1	7.14	4.91	0.00	29.91	0.00	35.40	0.00	29.26	100.00	0.00	0.00	0.00	0.00	0.00
Wharton County AA	0	0.00	0.00	0.00	1.82	0.00	27.11	0.00	71.07	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2006 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: STATE OF 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***	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Houston AA	723	97.97	22.68	14.08	17.33	25.77	18.68	14.37	41.30	45.77	0.05	0.35	0.11	0.02	0.02
Limited Review:															
Dallas County AA	7	0.95	26.10	0.00	20.12	14.29	20.22	14.29	33.56	71.43	0.00	0.00	0.00	0.00	0.00
Wharton County AA	8	1.08	18.23	0.00	17.51	0.00	19.14	25.00	45.13	75.00	0.23	0.00	0.00	0.00	0.39

* Based on 2006 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 1.8% 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			Geography: STATE OF TEXAS						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Houston AA	3,031	98.86	22.68	2.83	17.33	6.72	18.68	14.34	41.30	76.11	7.09	5.33	3.59	5.54	8.92
Limited Review:															
Dallas County AA	9	0.29	26.10	0.00	20.12	11.11	20.22	0.00	33.56	88.89	0.05	0.00	0.12	0.00	0.06
Wharton County AA	26	0.85	18.23	0.00	17.51	7.69	19.14	11.54	45.13	80.77	8.22	0.00	7.69	7.14	8.89

* Based on 2006 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 0.8% 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.

¹ 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				Geography: STATE OF TEXAS				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Houston AA	234	97.50	22.68	9.57	17.33	13.91	18.68	21.30	41.30	55.22	0.36	0.53	0.28	0.29	0.41
Limited Review:															
Dallas County AA	5	2.08	26.10	40.00	20.12	0.00	20.22	20.00	33.56	40.00	0.01	0.05	0.00	0.00	0.01
Wharton County AA	1	0.42	18.23	0.00	17.51	0.00	19.14	0.00	45.13	100.00	0.41	0.00	0.00	0.00	0.65

*Based on 2006 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 1.7% 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.

¹ 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				Geography: STATE OF TEXAS			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006		
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:									
Houston AA	4,602	94.81	68.41	50.43	66.93	16.01	17.06	0.86	1.24
Limited Review:									
Dallas County AA	243	5.01	66.49	39.09	61.73	16.05	22.22	0.08	0.07
Wharton County AA	9	0.19	56.90	44.44	77.78	22.22	0.00	0.16	0.00

*Based on 2006 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 11.78% 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		Geography: STATE OF TEXAS			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
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:									
Houston AA	13	92.86	91.24	46.15	69.23	15.38	15.38	0.63	0.33
Limited Review:									
Dallas County AA	1	7.14	90.07	0.00	100.00	0.00	0.00	0.00	0.00
Wharton County AA	0	0.00	90.89	0.00	0.00	0.00	0.00	0.00	0.00

*Based on 2006 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 14.29% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: STATE OF TEXAS			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
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:									
Houston AA	13	2,701	306	10,396	319	13,097	75.15	0	0
Limited Review:									
Dallas County AA	0	0	8	41	8	41	0.23	0	0
Wharton County AA	0	0	0	0	0	0	0.00	0	0
Statewide/Regional	0	0	3	4,290	3	4,290	24.62	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 JANUARY 1, 2004 TO DECEMBER 31, 2006								Geography: STATE OF TEXAS				Evaluation Period:					
MA/Assessment Area:	Deposits % of Rated Area Deposits in AA	Branches						Branch Openings/Closings				Population					
		# 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:																	
Houston AA	96.14	75	92.59	2.67	18.67	22.67	56.00	12	10	0	2	- 2	2	6.97	31.12	29.24	32.62
Limited Review:																	
Dallas County AA	3.46	5	6.17	0.00	60.00	0.00	40.00	0	0	0	0	0	0	11.31	37.04	30.75	20.90
Wharton County AA	0.40	1	1.23	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	4.40	43.21	52.39