



Comptroller of the Currency
Administrator of National Banks

Southwestern District
1600 Lincoln Plaza
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Dallas, Texas 75201-3394

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

April 23, 1997

Broadway National Bank
Charter Number 14447
1177 N.E. Loop 410
San Antonio, Texas 78209

NOTE: This evaluation is not, nor should it 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.

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Broadway National Bank (Broadway) prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of April 23, 1997. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under five performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated: "Outstanding Record of Meeting Community Credit Needs"

Executive Summary

Broadway National Bank (Broadway) has established a good record of providing credit to individuals and businesses within its delineated community of Bexar County, Texas. Its level of lending is reasonable. The distribution of its lending is reasonable and shows the results of special efforts to provide credit to low- and moderate-income individuals and neighborhoods. Credit applications are encouraged from all community segments, and no illegal discrimination in lending has been found. Broadway also provides assistance in development and redevelopment activities in San Antonio.

Community Profile

During a substantial majority of the period considered for this evaluation, Broadway primarily conducted business in its San Antonio community, as described below. In December 1996, Broadway acquired seven branch locations from Bank of America, Texas, N.A. and related deposits of \$140 million. The acquisition did not include any loans. These branches are located in the cities of Boerne, Castroville, Elgin, Fredericksburg, Hondo, Kerrville, and Seguin, Texas. Because of the acquisition, Broadway expanded its delineated community to include the counties of Bandera, Bastrop, Gillespie, Guadalupe, Kendall, Kerr, and Medina. Activities in these communities are not evaluated here.

San Antonio: The San Antonio community consists of Bexar County, a part of the four-county San Antonio Metropolitan Statistical Area (MSA). Bexar County encompasses most of the city of San Antonio metropolitan area. San Antonio is the third largest city in Texas and the seat of Bexar County. The San Antonio economy is good and linked to tourism, high-tech industry, military bases, medical facilities and numerous colleges and universities.

The 1990 U.S. Census reflects that Bexar County has a population of 1.2 million. The ethnic/race composition is: 49% Hispanic, 42% non-Hispanic white, 7% African-American, 1% Asian-American and 1% Native American/other. The San Antonio MSA Median Family Income (MFI) is \$30 thousand and the HUD-updated MFI for 1996 is estimated at \$36 thousand. The MFI of Bexar County is less than the MSA at \$26 thousand, reflecting the higher percentage of low- and moderate-income families living in the city of San Antonio.

Bexar County has 226 census tracts; 10% are designated as low-income, 32% are designated as moderate-income, 30% are designated as middle-income and 28% are designated as upper-income. Of the families living in Bexar County, 23% have low-income, 17% have moderate-income, 20% have middle-income, and 40% have upper-income.

There are 37 thousand businesses operating in Bexar County and 71% of these businesses reported gross annual sales of less than \$1 million. There are only 556 farm-related businesses in the county representing only 1% of all businesses.

Bank Profile

Broadway is a subsidiary of Broadway Bancshares, Inc. (BBI), a two-bank holding company headquartered in San Antonio, Texas. Broadway had total assets of \$872 million at year-end 1996 and total deposits of \$779 million, including the \$140 million acquired from Bank of America, Texas, N.A.. Bank assets consist primarily of investment securities (53%) and loans (35%). The other banking affiliate of BBI is Eisenhower National Bank, a \$144 million bank located on the Fort Sam Houston Army Base in San Antonio.

Broadway operates eight full-service banking locations and one loan production office in Bexar County. The branches are spread across the northern half of Bexar County. The downtown branch, near the geographic center of the county, is the most southerly location. All branches, except the new Huebner and DeZavala branches, have drive-in facilities. All branches have night depositories and all but the downtown branch have deposit-taking ATMs. The loan production office is located 2 miles west of downtown.

There are no apparent constraints on CRA performance posed by the bank's financial condition, size, legal impediments, or other factors.

Reasonableness of Delineated Community

The delineated community of Bexar County, in which Broadway conducted business during most of this evaluation period, is reasonable and does not exclude any low- or moderate-income areas.

The other communities delineated because of the acquisition of the seven branches from Bank of America, Texas, N.A. are also reasonable and do not exclude any low- or moderate-income areas.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

- **Broadway conducts ongoing and meaningful contacts with community-based organizations, public officials, and public/private partnerships to ascertain the credit needs of its community.**

Broadway continues its formal program of establishing and maintaining contact with a variety of affordable housing organizations, city housing agencies, area Realtors and appraisers, for-profit housing developers and secondary market investors in affordable housing. Business contacts include local government officials and agencies, civic leaders, and small business and community organizations. Contacts are made by many bank officers, including loan officers. The credit needs ascertainment program is overseen by the Community Reinvestment Act (CRA) Officer. The CRA Officer ensures contacts are made with a variety of community groups and tracks the information obtained. Information on identified community credit needs is compiled and submitted to the CRA committee where action plans are developed to address the needs.

Through these efforts, several community needs were noted and met. Two needs were most often cited and have been addressed in the following manner:

- **Small Business Lending:** Broadway is a Small Business Administration (SBA) certified lender, and is active in small business lending through SBA programs and other small business lending programs. These include small business development and lending programs through: the San Antonio Business Development Fund (SABDF); ACCION, Texas; Kelly Redevelopment Small Business Loan Program; San Antonio Local Development Corporation (SALDC); and St. Paul Square Sunset Depot Small Business Loan Program. The Kelly Redevelopment and St. Paul Square programs offer special interest rates and the wavier of bank fees. Broadway also created a Small Business Lending Group that focuses on small business loans and uses a streamlined loan application process with reduced paperwork requirements.
- **Affordable Housing:** Broadway offers special loan programs with flexible lending criteria for financing single family homes in low- and moderate-income areas or to low- or moderate-income applicants. In addition, Broadway is active in various nonprofit affordable housing programs administered through: Neighborhood Housing Services of San Antonio, Inc. (NHS); San Antonio Housing Trust Foundation, Inc.; Communities Organized for Public Service (COPS)/Metro Housing Alliance; and San Antonio Development Agency. Programs in cooperation with these agencies may include flexible lending terms, lower income qualifications, reduced down payments and closing costs, and non-traditional methods of establishing credit histories. Some of these programs include training programs to assist potential applicants in understanding the application

process and home ownership responsibilities. Broadway also underwrites mortgage loans through Federal Housing Administration (FHA) programs.

During this examination, we met with two representatives of the San Antonio community who specialize in small business development lending. They indicated that many banks in San Antonio are active in lending to small businesses but that start-up businesses and those with limited capital still have few alternatives for financing. Also, there are many other barriers confronting new small businesses, particularly the numerous laws and regulations governing all businesses.

We also reviewed eight summaries of community contacts conducted by other regulators in the past two years. These community contacts were principally with persons focusing on affordable housing issues. They indicated that the greatest credit needs were home improvement lending and low-cost mortgage lending. They also indicated a need for educating borrowers in the lending process and working with borrowers with poor credit histories.

Assessment Factor C - The extent of participation by the institution's Board of Directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

- **The Board and management have incorporated the CRA into the bank's business philosophy and approved performance goals through the strategic planning process. Directors are knowledgeable and active in their supervision of the bank's CRA performance.**

CRA objectives and goals play an important role in the bank's overall business strategy. The Board adopted a business plan that states the bank's CRA philosophy and outlines performance goals and business objectives. In addition, many Board members participate in ascertainment and business development activities and four Board members are on the bank's Board CRA Committee. This committee meets quarterly to review, comment and make recommendations regarding the bank's CRA performance. The full Board is provided with a quarterly report on the bank's CRA performance.

The Board has been very supportive of all CRA efforts, including special credit programs and the bank's participation and investment in community development programs. The Board has reviewed and approved the bank's CRA statement annually as required by the regulation.

CRA training is provided to all new employees and annual presentations on CRA issues and changes are made to all employees and the Board. Broadway also provides fair lending training to its employees.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

- **Broadway's marketing and special credit-related programs are designed to reach all segments of its delineated community.**

The bank uses traditional marketing media, including television, print, radio and billboards, but also does marketing through Spanish media to reach the substantial Hispanic population residing in the city of San Antonio. The bank uses direct mailings, seminars, workshops and officer call programs to reach targeted segments of the community, including low- and moderate-income persons and neighborhoods. Marketing efforts often focus on particular credit products, credit education and other bank services.

The 1997 business plan incorporates broad CRA marketing objectives, mostly a continuation and expansion of existing programs. During this evaluation period these efforts include:

- direct mailings to many low- and moderate-income neighborhoods to inform the community about the recently opened West Side Loan Center and the loan services being provided out of this loan production office;
- participation in the Neighborhood Housing Services Home Buyer Counseling program that provides home ownership and financing training for prospective low- and moderate-income home buyers;
- participation in various housing fairs in partnership with the city of San Antonio, the San Antonio Housing Trust, the Communities Organized for Public Service (COPS)/Metro Housing Alliance, San Antonio Development Agency Home buyer Counseling and other community organizations where the mortgage financing process is explained and potential home buyers receive assistance in applying for credit;
- participation in the Alamo City Chamber of Commerce's Small Business Fair where the bank offered information on its loan products, services and applications;
- participation in the Small Business Industry Day at Kelly Air Force Base where the bank presented information about its loan products, including a special credit product designed to promote small business growth in the redevelopment of the moderate-income neighborhoods around Kelly Air Force Base.

These efforts help promote the bank's credit products and to reach all segments of the bank's community, including low- and moderate-income neighborhoods and persons.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

- **Broadway lends a substantial majority of its funds within its delineated community, and has taken steps to address credit needs it has identified in its community.**

Broadway is active in residential mortgage lending within its community. The following table reflects the bank's Home Mortgage Disclosure Act (HMDA) lending within Bexar County for 1995 and 1996.

HMDA Loans Originated or Purchased within Bexar County						
Loan Purpose	Number of Loans			Dollars (in thousands)		
	1995	1996	Change	1995	1996	Change
Conventional Home Purchase	62	150	141%	\$3,705	\$15,105	308%
FHA Home Purchase	30	29	-3%	\$1,224	\$1,686	38%
Refinance	24	81	238%	\$2,387	\$9,707	307%
Home Improvement	149	83	-44%	\$2,117	\$1,839	-13%
Total	265	343	29%	\$9,433	\$28,337	200%

As reflected in the table, Broadway's residential mortgage lending increased substantially for conventional home purchase and refinancings in 1996 and declined in home improvement. The increase in home purchase and refinance loans occurred mostly in dollars lent to upper-income borrowers (360%) for homes in upper-income census tracts (363%). However, the bank also increased the home purchase and refinance dollars lent to low- and moderate-income borrowers by 183% and in low- and moderate-income areas by 103%.

Information available under the provisions of the HMDA allows for certain comparisons between lenders in a given marketplace. The most recent comparative data is for the year 1995. In 1995, among the 54 reporters originating 100 or more HMDA reportable loans in Bexar County, Broadway ranked twenty-third, originating 265 loans. The largest number of loans originated by a single reporter was 1,542. Among the commercial banks reporting (excluding mortgage companies and thrift institutions), Broadway, which has the fourth largest deposit base in Bexar County, ranked sixth in the number of HMDA loans originated.

Broadway is also active in commercial lending with a significant portion representing small loans to businesses, including businesses with gross annual revenues of \$1 million or less. The following table reflects the bank's commercial loans originated in Bexar County in 1995 and 1996.

Commercial Loans Originated within Bexar County						
Loan Purpose	Number of Loans			Dollars (in thousands)		
	1995	1996	Change	1995	1996	Change
Commercial - General	373	617	65%	\$29,275	\$62,182	112%
Construction	39	109	179%	\$11,860	\$34,369	190%
Commercial - Real Estate	18	41	128%	\$6,485	\$8,768	35%
Total	430	767	78%	\$47,620	\$105,319	121%

As reflected in the table, Broadway's commercial lending has increased significantly. Of the commercial loans made in 1996, 93%, by count, had original loan amounts of \$1 million or less of which 58% were to businesses with gross annual revenues of \$1 million or less. These percentages are indicative of the bank's lending to small businesses (as that term is defined in the CRA regulation).

Broadway's loan volume is adequate relative to its resources and the community's needs. The loan-to-deposit ratio at year-end 1996 is 47% when excluding the deposits acquired through the branches purchased in December 1996 from Bank of America, Texas, N.A.. This ratio is comparable to other similarly situated banks in the San Antonio community. In addition, during this time, Broadway sold \$35 million in student and mortgage loans it originated. These loans are not reflected in the current loans outstanding or the loan-to-deposit ratio but represent lending in the delineated community during this evaluation period. Total outstanding loans have grown \$88 million or 41% in the past two years.

Broadway's overall loan activity has increased substantially during the evaluation period. During 1995, the bank originated 2,732 new loans with original balances of \$124 million. During 1996, the bank originated 2,920 new loans with original balances of \$184 million, an increase of 48% in dollars lent. A substantial majority of the loans originated in 1996, and of total outstanding loans as of December 1996, are from within Bexar County. For loans originated in 1996, approximately 84% by number and 83% by dollars are from within Bexar County. For outstanding loans as of year-end 1996, approximately 89% by number and 84% by dollars are from within Bexar County.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

- **Broadway personnel and management demonstrate a high level of awareness of government-sponsored loan programs at the local and national level. Steps have been taken to meet business, housing and educational credit needs through government-enhanced programs.**

Broadway offers a variety of small business loan products including products in participation with the Small Business Administration (SBA) and local community development programs. During 1995 and 1996, the bank originated 23 SBA guaranteed loans for \$2.3 million. The bank also originated six loans for \$2.1 million in partnership with two small business related community development corporations, the San Antonio Business Development Fund and the San Antonio Local Development Corporation.

Affordable housing programs offered include the bank's internally developed program for low- and moderate-income neighborhoods or applicants, Federal Housing Administration (FHA) loans, and other programs through local government-sponsored housing organizations. Broadway originated 62 FHA loans totaling \$3.1 million during 1995 and 1996. More significantly, during 1995, 1996, and year-to-date 1997, the bank originated 23 mortgage loans totaling \$698 thousand in partnership with Neighborhood Housing Services of San Antonio, Inc., originated 11 mortgage loans totaling \$400 thousand in partnership with San Antonio Housing Trust Foundation, Inc., and originated eight mortgage loans totaling \$290 thousand in partnership with COPS/Metro Alliance Housing. These affordable housing groups facilitate mortgage lending to low- and moderate-income borrowers through special education programs, down payment or closing cost assistance, or other efforts often underwritten or subsidized by government programs.

Broadway also offers guaranteed student loans. During 1995 and 1996, Broadway originated over eight thousand student loans with original amounts of almost \$14 million.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES.

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

Reasonableness of the bank's delineated community

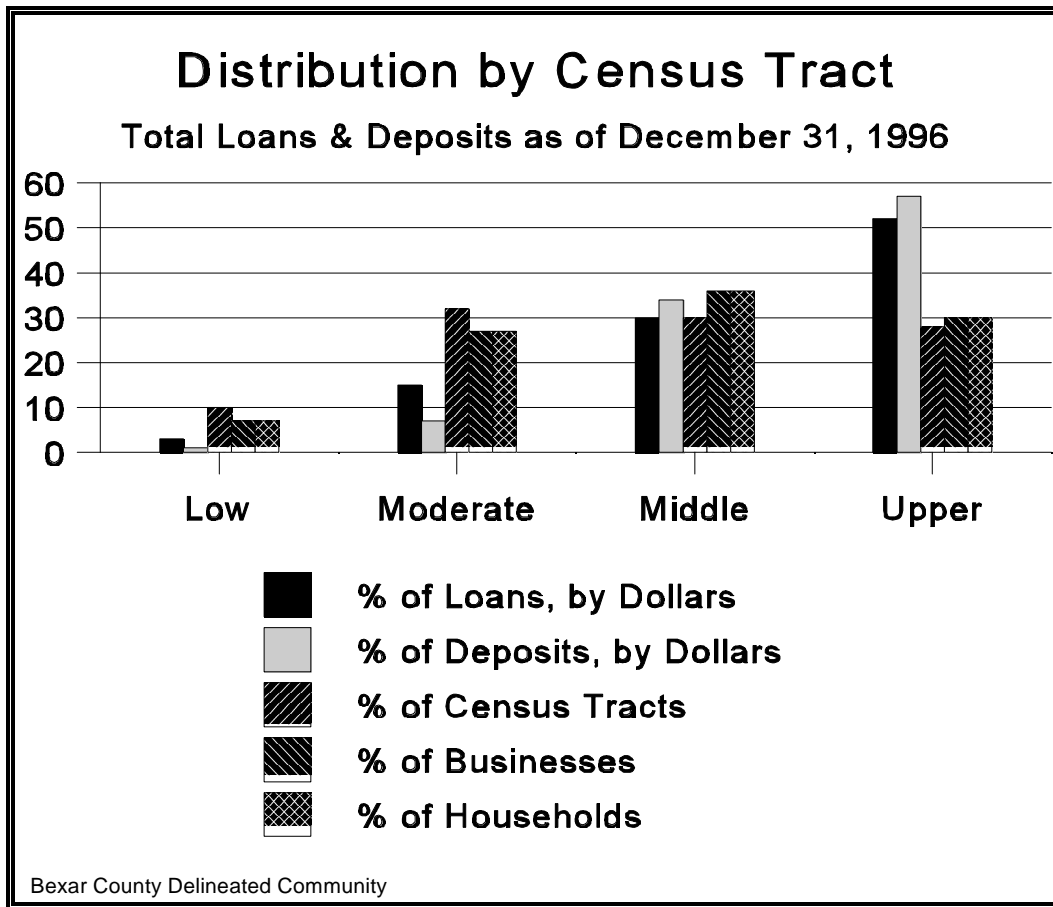
- **Broadway's delineated communities are reasonable and do not arbitrarily exclude low- and moderate-income areas.**

The delineated community of Bexar County in which Broadway conducted business during most of this evaluation period is reasonable and does not exclude any low- or moderate-income areas.

- **The geographic distribution of the bank’s loan applications, approvals, and denials reflects a reasonable penetration of all segments of its community, including low- and moderate-income areas.**

Management prepares an annual geographic distribution analysis of loan extensions and denials by census tract. This analysis is reviewed by the bank’s CRA committee and Board of Directors. The analysis, through year-end 1996, reflects concerted lending efforts in all areas of the community, including low- and moderate-income areas. Broadway has loans in 95% of all census tracts within Bexar County. Approximately 96% of all low- and moderate-income census tracts have credit extensions. Those tracts not served are distant from any banking office or unpopulated.

The following chart reflects the geographic distribution of Broadway’s loan portfolio, except the credit card and student loan portfolios, and deposit accounts as of December 31, 1996, in the delineated community of Bexar County, by census tract category. For comparison, the chart presents the distribution of census tracts and the geographic distribution of businesses and households in Bexar County, by census tract category.



As shown in the preceding chart, Broadway has lent \$35 million, or 18% of total loans originated in Bexar County, to borrowers located in low- and moderate-income census tracts. Approximately 14% of the number of loans originated in Bexar County have been made to borrowers in low- and moderate-income census tracts. This distribution is reasonable when considering the location of the bank's offices in Bexar County. The main office and all branches other than the downtown branch are located in the northern and more affluent half of the county. This makes it difficult for the bank to provide banking services to most of the low- and moderate-income areas of the delineated community. In addition, the growth patterns in Bexar County strongly favor the more affluent northern half of the county. Thus, there are more opportunities to lend in this portion of the county, particularly in new home financing.

Our review of loans originated in 1995 and 1996 revealed a similar distribution within the delineated community as that noted in the preceding chart for the whole loan portfolio. In 1996, the percentage of dollars loaned in low-, moderate- and middle-income census tracts slightly exceeded the percentages of dollars loaned in 1995 and the whole loan portfolio as of year-end 1996. This reflects the bank's continuing efforts to meet the credit needs of the whole community, including low- and moderate-income areas.

The following table shows Broadway's market share ranking for 1995 HMDA reportable lending within Bexar County, by the income level and location of borrowers. This demonstrates that in Bexar County, Broadway originates a significantly larger portion of the total residential lending in low-income neighborhoods and to low-income borrowers than it does overall. This reflects the concerted effort made by the bank to service the affordable housing needs of its community even without having banking offices throughout the delineated community. Although no market share data is available for 1996 lending, Broadway's loan originations in low- and moderate-income neighborhoods and to low- and moderate-income borrowers increased slightly from that in 1995.

Market Share Ranking of Residential (HMDA) Lending - 1995		
Income Characteristic	Applicant	Tract
LOW	9	7
MODERATE	25	22
MIDDLE	28	23
UPPER	27	30

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

- **Broadway has not closed any branches since the last CRA assessment. Existing branches are reasonably accessible to all segments of the community.**

Broadway's main office is located on Loop 410 at Nacogdoches Road in the north central part of Bexar County. There are seven branches spread across the northern half of Bexar County. Two of these branches were opened during this evaluation period and expanded the bank's presence to the north. The downtown branch, near the geographic center of Bexar County, is the most southerly location within the county. Other than the two new branches, each location has a drive-in facility. All locations have a night depository and all but the downtown branch have a deposit-taking ATM. Because of the lack of an ATM at the downtown branch, Broadway allows its customers to use five non-Broadway ATMs in the immediate area up to six times a month without the customary \$1 fee for using a non-Broadway ATM. Hours of operation and services offered are reasonable to accommodate all segments of the community but are most convenient for the more affluent, northern half of Bexar County.

Broadway has mortgage loan products tailored to meet the credit needs of low- and moderate-income families. To make these products more accessible to low- and moderate-income individuals, the bank opened its West Side Loan Center in February 1997. This center is a loan production office (no deposit services available) located in a low-income neighborhood west of downtown San Antonio. This office is staffed with an affordable housing origination specialist who has extensive experience working with low-income applicants and special programs available to assist these applicants in purchasing a home.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

- **Broadway solicits applications for credit throughout its delineated community.**

Applications for credit products are solicited from all segments of the community. No practices or policies were identified that would discourage individuals from applying for credit. Efforts are made to increase the participation of low- and moderate-income individuals in the credit and home purchase process. Fair lending training is provided to applicable employees of the bank annually to help ensure compliance with all fair lending laws and regulations.

Broadway has instituted a second review process for denied home purchase applications. The bank conducts an independent review of these applications before any formal denial notification to the applicant. The review is to ensure that appropriate efforts have been made to approve the application and that all denials are adequately supported.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

- **No evidence of illegal discrimination was found.**

A fair lending examination was performed as part of the concurrent consumer compliance examination to test for illegal discrimination in home improvement loans. The examination compared the rates and terms afforded Hispanic borrowers versus non-Hispanic borrowers. The examination also evaluated the bank's policies, procedures, and practices in home improvement lending. This review noted a high level of compliance with applicable fair lending laws and regulations and no illegal discriminatory activities or results.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

- **Broadway is active in community development projects and has made numerous loans with community development impact.**

Broadway and its employees are actively involved in community development projects in San Antonio. Besides time devoted to these activities, the bank has made investments in and loans to many of the most active community development organizations in the city of San Antonio. Examples of these activities include:

COPS/Metro Housing Alliance - A grass roots community organization which sponsors various programs involving community redevelopment, education, job training, economic development, neighborhood infrastructure and youth programs. Broadway has made a partnership investment in COPS, funded loans under a \$10 million commitment for mortgage and home improvement loans to families in low- and moderate-income neighborhoods and provided bank employees time to conduct seminars/workshops for prospective home buyers.

Neighborhood Housing Services of San Antonio, Inc. (NHS) - A nonprofit community organization fostering public-private-resident partnerships to provide affordable housing and neighborhood revitalization. NHS has been certified as a Community Housing Development Organization by the city of San Antonio and Bexar County. This allows NHS to administer government funds available for down payment and closing cost assistance. Broadway has made a partnership investment in NHS, funded loans in participation with NHS, and provided bank employees time to conduct seminars/workshops for prospective home buyers or home owners interested in home improvement loans. Broadway has provided NHS with a \$250 thousand line of credit to fund City HOME residential construction. In addition, President Crane serves in advisory capacity for NHS fund raising activities and Vice President Westbrook serves on the board and executive committee of NHS.

San Antonio Alternative Housing Corporation (AHC) - A nonprofit community development housing organization. Broadway has provided AHC with a \$250 thousand line of credit to fund City HOME residential construction.

San Antonio Development Agency (SADA) - A political subdivision of the State of Texas, funded by the city of San Antonio, organized to promote affordable housing in low- and

moderate-income neighborhoods, and provide funds for down payment and closing cost assistance. Broadway employees provide home buyer counseling through SADA's Home Buyer Counseling Program. The bank provides mortgage financing for home buyers participating in SADA assistance programs. In addition, Broadway has established lines of credit for two home builders to fund their SADA related projects.

San Antonio Housing Trust Foundation, Inc. - A nonprofit organization promoting affordable housing primarily through residential lot development or redevelopment for the construction of new affordable housing. The Housing Trust has two major developments in which Broadway has participated during this evaluation period: Coliseum Oaks Housing Development and Villa de Esperanza Housing Development. Broadway has provided mortgage financing for buyers of eight homes in Coliseum Oaks and seven homes in Villa de Esperanza.

ACCION, Texas - A multi-bank consortium promoting economic development through micro loans and technical assistance to start-up and small businesses. Broadway has provided ACCION with a line of credit to fund ACCION's lending programs. In addition, Broadway has provided grants for operations and one of Broadway's commercial loan officers is on ACCION's loan committee.

San Antonio Business Development Fund (SABDF) - A multi-bank community development corporation promoting small business development, women- and minority-owned businesses and job creation/retention in the San Antonio area. Broadway is part of the multi-bank group and one of its commercial loan officers is serving on SABDF's board. In addition, Broadway has participated in several small business loans with the SABDF.

San Antonio Local Development Corporation (SALDC) - A nonprofit Certified Development Corporation owned and principally financed by the city of San Antonio. SALDC is authorized to make SBA 504 and MicroLoan Program loans and administers an Economic Development Administration Revolving Loan Fund and a HUD Enterprise Community Loan Program. These programs provide financing for small businesses in the San Antonio area, often in partnership with local banks. Broadway has participated in several small business loans with the SALDC.

Kelly Redevelopment Small Business Loan Program - A consortium of 10 banks, including Broadway, established a \$130 million commitment to finance small businesses involved in the redevelopment of the Kelly Air Force Base. Businesses with annual sales of \$5 million or less within a five-mile radius of the base are eligible for the special financing provided in this program. Broadway has funded two loans under this program to date.

St. Paul Square Sunset Depot Small Business Loan Program - A consortium of four banks, including Broadway, established a \$20 million commitment to finance small businesses involved in performing work or leasing retail space in connection with the St. Paul Square area development project. The businesses must have annual sales of less than \$5 million. The bank has not funded any loans under this program to date.

Through these, and other efforts, Broadway has made a significant contribution to some of the city's most successful affordable housing and small business programs. The financial and time commitments approved by the Board and management have helped to ensure the success of these community development efforts.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

- **Broadway is well able to meet a variety of community credit needs and suffers no significant impediment to doing so.**

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

- **Broadway has engaged in other meaningful activities that help it meet community credit needs.**

Broadway has engaged, directly or through the efforts of its officers and employees, in a wide variety of community activities which may enhance its ability to ultimately provide credit services. These include credit counseling and training programs and participation in civic groups organized to promote the city of San Antonio. The bank and its employees are also very active in several school programs that support education for low- and moderate-income students and includes instruction on basic banking services for the students and their parents. The bank has also made numerous monetary contributions to a variety of charitable and civic endeavors within its communities.

ADDITIONAL INFORMATION

Broadway serves communities located in the San Antonio MSA (7240).

Additional information regarding the bank's service to its communities may be obtained from the bank at its main office or at branch offices in its communities.

GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader a general understanding of the terms, not a strict legal definition.

Census Tract (CT) - Small, locally defined statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogeneous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

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.

Home Mortgage Disclosure Act (HMDA) - A statute that requires certain mortgage lenders that do business or have banking offices in a MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and its disposition (e.g., approved, denied, withdrawn).

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of census tracts. 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.

Low-Income - Income levels that are less than 50% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Upper-Income - Income levels that are 120% or more of the MFI.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.