



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, D.C. 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**Treasury Bank, National Association
Charter Number: 24141**

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Office of the Comptroller of the Currency

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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 **Treasury Bank, N.A.** with respect to the Lending, Investment, and Service Tests:

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

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- The bank has originated or purchased an adequate number of home mortgage loans within its assessment areas considering its size, capacity to lend, business model, regulatory restrictions, and strong competition from other lenders. In its two assessment areas, the bank originated or purchased 10,548 mortgage loans totaling over \$1.47 billion.
- The bank’s geographic distribution of home mortgage loans reflects adequate penetration in low- and moderate-income geographies when compared with the distribution of owner-occupied housing units. Specifically, the distribution of these loans in the Washington, D.C. MSA is good, and the distribution in the Dallas, TX MSA is adequate. Lending performance to borrowers of different income levels in both assessment areas, particularly those defined as low- and moderate-income, is adequate considering the affordability barriers for lower-income families and other performance contextual issues.
- The level of the bank’s qualified investments and grants to community development organizations is excellent relative to its financial resources in the assessment areas. The investments and grants also exhibit excellent responsiveness to the areas’ most pressing community development needs.
- The bank’s branches, products, and services are reasonably accessible to geographies and individuals of different income levels. Given the bank’s business model, these products and services are delivered almost exclusively through alternative delivery systems. The bank also provides a good level of community development services in its assessment areas.

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 MSA/assessment area.

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

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

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households

always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male 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 or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

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

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

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

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

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every 10 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 Statistical Area (MSA): Area defined by the Director of the United States 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.

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

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

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

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

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Tier 1 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

Treasury Bank, National Association (“Treasury Bank” or the “bank”) is a federally chartered interstate retail bank headquartered in Alexandria, Virginia. The bank is a wholly owned subsidiary of Countrywide Financial Corporation (“Countrywide” or “CFC”), a \$104 billion holding company based in Calabasas, California. CFC is the 13th largest bank holding company in the United States. Countrywide, through its principal subsidiary Countrywide Home Loans, Inc. (“CHL”), is primarily engaged in the residential mortgage banking and related businesses. Principal functions include the production, origination, servicing, purchasing, and securitization of primarily prime-quality loans. CHL is one of the top three mortgage lenders in the United States with over \$250 billion in mortgages underwritten each year. As a subsidiary of Countrywide, Treasury Bank has substantial resources at its disposal. Affiliate investment activity of CHL was considered under the Investment Test.

In April 2001, the Office of the Comptroller of the Currency (“OCC”) approved an application¹ by CFC (formerly Countrywide Credit Industries), its wholly owned subsidiary Countrywide Financial Holding Company, and Effinity Financial Corporation to acquire Treasury Bank, Ltd, a \$75 million banking institution chartered in the District of Columbia. Countrywide Credit Industries was later renamed Countrywide Financial Corporation. The OCC rechartered the institution as a national banking association named it Treasury Bank, National Association. Upon acquisition, the bank relocated its headquarters from the District of Columbia to Alexandria, Virginia. According to the bank’s three-year business plan, it would provide banking services to affinity groups through a multi channel system, including the Internet, with limited physical sites. As the bank’s entry into affinity-based internet banking, “Countrywide Bank, a Division of Treasury Bank” was established. Initial projections under the business plan called for the bank to grow to \$22 billion in total assets within the three years by leveraging from Countrywide’s expertise and leadership in the mortgage lending business. Due to the success of this relationship, senior bank management expects Treasury Bank to achieve growth to over \$100 billion by the end of 2007.

Sources of funding for the bank primarily consist of escrow deposits from Countrywide’s mortgage servicing business, secured borrowings from the Federal Home Loan Bank (“FHLB”), and retail deposits. The retail deposits include savings accounts, money market accounts, and certificates of deposit that are sourced through the Internet, two call centers, and kiosk-like areas located in over forty-five existing retail mortgage offices of Countrywide Home Loans. The kiosk-like areas or “financial centers” were first launched in 2002². These financial centers are not retail branches and are not included in Table 15. The financial centers do not accept deposits, open deposit accounts, accept applications for loans, or provide other traditional banking services. Financial centers are staffed with at least two bank employees and offer consumers the ability to discuss deposit products, apply for new deposit accounts, and receive assistance with an existing account. Customers can also forward their deposits to the bank’s processing center in Alexandria, Virginia for credit to their account using a widely available third-party courier service that has drop boxes within the financial centers.

¹ See OCC Conditional Approval Letter #462, April 4, 2001, available in the Corporate Applications section at www.occ.treas.gov.

² See OCC Conditional Approval Letter #462, April 4, 2001, and Interpretive Letter #980, December 24, 2003.

As of the bank's September 30, 2004, Consolidated Report of Income and Condition ("Call Report"), Treasury Bank reported total assets of \$33.9 billion, total liabilities of \$31.4 billion, and year to date net income of \$217.2 million, making it the 24th largest national bank in the U.S. The bank's Tier 1 Capital of \$2.5 billion represents 11.37 percent of its risk-weighted assets. Total assets primarily comprise \$30 billion in mortgage loans, \$2.4 billion in investment securities, and \$904.9 million in other equity securities, including holdings of Federal Reserve Bank stock and FHLB stock. Total liabilities primarily consist of \$18.7 billion in domestic deposits and \$12 billion in borrowings from the FHLB. In February 2002 as part of the planned growth strategy, the bank received a capital infusion of \$499 million from its parent company.

Treasury Bank is primarily an Internet bank. It operates only two retail branches: one in Alexandria, Virginia and one in Dallas, Texas, which opened for business December, 27, 2002. The branches allow customers to conduct limited banking business. Aside from these two branches, the bank relies heavily on alternative delivery systems to deliver its products and services to retail customers. These alternative delivery systems include the Internet, call centers, and the financial centers. The bank's business model calls for unparalleled access to high volumes of mortgage loans through an outsourcing relationship with other subsidiaries of CFC. Given this business model and strategy, Treasury Bank is able to operate on a national scale without the use of traditional branches and a large employee base. Upon opening the Dallas, Texas branch, the bank shifted substantial deposits from its sole branch office in Alexandria, Virginia, which consisted mostly of escrow deposits from CHL's mortgage servicing business.

Since the beginning of 2003, the bank has operated in two assessment areas for CRA purposes. These assessment areas include the entire metropolitan area where each branch is located. The Washington-Arlington-Alexandria MSA ("Washington, D.C. MSA") assessment area is a multistate metropolitan statistical area and includes all of the District of Columbia and portions of Maryland, Virginia, and West Virginia. The other assessment area is the Dallas-Fort Worth-Arlington MSA ("Dallas, TX MSA"). These assessment areas are consistent with the requirements of the CRA. *See 12 C.F.R. § 25.41.* The assessment areas are highly competitive with numerous commercial banks and other financial service providers. Examples of some of the largest commercial banks competing in the two assessment areas include Bank of America, Wachovia Bank, SunTrust Bank, Bank One, Capital One FSB, E*Trade Bank, Chevy Chase Bank FSB, JP Morgan Chase Bank, and Washington Mutual Bank. For a full description of these assessment areas, please see Appendix C.

Treasury Bank does not offer many traditional banking products such as small business loans, commercial real estate construction loans, commercial mortgage loans, trust services, or cash management products. The bank's primary credit products are home mortgage loans for home purchase, home refinance, and home improvement purposes. It also offers home equity lines of credit and other loans for personal uses. Treasury Bank routinely purchases mortgage loans from CHL and other third-party lenders to help sustain its growth and fulfill its responsibilities under the CRA. Lending opportunities within its two assessment areas are numerous. While CFC has no CRA obligations, it has voluntarily declared with the U.S. Department of Housing and Urban Development ("HUD") its Declaration of Fair Lending Principles and Practices which established financial goals and lending standards under its House America lending program. In 1998, CFC pledged to provide \$50 billion over five years in home mortgage loans to low- and moderate-income families and underserved communities throughout the United States, including

the bank's assessment areas. The goal was increased to \$90 billion in 1999. In 2002, CFC also pledged \$600 billion over 10 years to provide home financing to minorities, low-to-moderate income borrowers and low-to-moderate income communities. Other CFC goals included the establishment of House America offices in the bank's assessment areas, providing no cost credit counseling and home ownership education, community outreach efforts, and establishing partnerships with nonprofit home counseling associations.

This performance evaluation represents the bank's first CRA examination. The bank currently has regulatory constraints that in part, have affected its ability to help meet the credit needs of the communities it serves. We considered these restrictions in our lending analyses. To ensure the bank continued to originate safe and sound loans during its early years of operation, in June 2003 the OCC prohibited the bank from underwriting or acquiring loans to applicants with credit bureau risk scores ("FICO") less than 660³. This prohibition reduced the bank's ability to focus on its CRA initiatives during the first few years of operation. However, the OCC allowed Treasury Bank to make exceptions to borrowers within the bank's assessment areas to aid in its efforts to comply with the CRA. These included loans to low- and moderate-income borrowers with minimum FICO scores of 620.

A review of OCC records and the bank's public file revealed one CRA-related comment received from a community organization during the evaluation period. The commenter expressed concern that the financial centers in various MSAs throughout the nation should be classified as branches for assessment area delineation purposes. The financial centers are not retail branches as they do not accept deposits, open deposit accounts, accept applications for loans or provide other traditional banking services. The complaint is maintained in the bank's public file for review.

³ See OCC Conditional Approval #593, June 2003

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation considers the bank's home mortgage lending activities from January 1, 2002, through December 31, 2003. The evaluation period for other community development activities, including qualified investments and community development services includes all activities from May 17, 2001, through October 18, 2004. Please refer to Appendix A for additional details of the examination scope.

Data Integrity

During August 2003, the OCC performed a data integrity examination to determine the accuracy of the bank's home mortgage lending data that is required to be reported publicly pursuant to the Home Mortgage Disclosure Act ("HMDA"). The data integrity examination revealed numerous errors in reporting the purpose codes for junior lien mortgages for the years 2002 and 2003. As a result, bank management corrected all errors and resubmission of the data was required. The revised data was used in this evaluation. The OCC also reviewed the bank's qualified investments and community development services to ensure each activity has community development as its primary purpose. Some items submitted by the bank for consideration were excluded because they did not meet the definition or purpose of community development.

Selection of Areas for Full-Scope Review

The OCC performed full-scope reviews of the bank's only two assessment areas: Washington, D.C. MSA (multistate) and the Dallas, TX MSA. Refer to the "Scope" sections under the State Rating and Multistate Rating for details regarding how the OCC selected the areas for full-scope reviews.

Ratings

The bank's overall rating is a blend of the VA/Washington, D.C. multistate metropolitan statistical area rating, the Dallas MSA rating, and state ratings and is based on those areas that received full-scope reviews. In arriving at the bank's overall record of performance, the OCC evaluated activities under the Lending, Investment, and Service Tests. The rating method is structured such that the Lending Test weighs the most of the three tests.

The Washington, D.C. MSA received the most weight in arriving at the overall conclusions. This assessment area received approximately 64 percent of the home mortgage loans in 2003 and it was the only assessment area in existence during the entire evaluation period. The Dallas, TX MSA is the newer assessment area. Refer to the "Scope" section under each State Rating for details regarding how the areas were weighted in arriving at the overall State Rating.

Fair Lending Review

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

VA/Washington, D.C. Multistate Metropolitan Statistical Area Rating

CRA rating for the VA/Washington, D.C. metropolitan statistical area⁴: **Satisfactory**

The Lending Test is rated: **Low Satisfactory**

The Investment Test is rated: **Outstanding**

The Service Test is rated: **Low Satisfactory**

The major factors that support this rating include:

- The bank originated or purchased an adequate number of home mortgage loans in relation to the bank's size, capacity to lend, business strategy, and competition. Although the bank originated or purchased substantially far more mortgage loans outside its combined two assessment areas, lending inside the assessment area is considered adequate based upon the bank's strategic focus as a nationwide lender with only one retail branch in each assessment area.
- The geographic distribution of home mortgage loans reflects good penetration in low- and moderate-income geographies throughout the assessment area. The lending distribution is good when compared to the distribution of owner-occupied housing units.
- Home mortgage lending reflects adequate penetration among retail customers of different income levels, particularly those defined as low- and moderate-income.
- The bank's qualified investments and grants in the MSA totaled \$82.6 million. The quantity and types of the investments represent an excellent responsiveness to some of the most significant community development needs in the assessment area.
- The branch delivery system is reasonably accessible to geographies and individuals of different income levels. Almost all of the bank's customers access services and products exclusively through alternative delivery systems. The bank also provides an excellent level of community development services in its assessment area.

⁴ This rating reflects performance within the VA/Washington, D.C. multistate metropolitan statistical area.

Description of Institution's Operations in Washington, D.C. Metropolitan Statistical Area

Refer to the market profile for the Washington, D.C. Metropolitan Statistical Area in Appendix C for detailed demographics and other performance context information.

The Washington, D.C. MSA (#8840) includes all of the District of Columbia, and portions of Maryland, Virginia, and West Virginia. Specifically, the jurisdictions are Berkeley County, Calvert County, Arlington County, Charles County, Frederick County, Montgomery County, Prince George's County, Jefferson County, Clarke County, Culpepper County, Fairfax County, Fauquier County, King George County, Loudoun County, Prince William County, Spotsylvania County, Stafford County, Warren County, Alexandria City, Fairfax City, Falls Church City, Fredericksburg City, Manassas City, and Manassas Park City. The MSA contains 1,037 census tracts and is home to over 4.9 million persons, according to the 2000 U.S. Census. The median family income for this area is \$72,247 and approximately 6.83 percent of the households are below the national poverty level.

As previously discussed, Treasury Bank accepts deposits from and provides loans to consumers throughout the nation. The bank has one branch in this very large metropolitan area. The market is served by a large and diverse group of financial institutions, which compete for deposits and loans. Three of the bank's largest competitors in this market in terms of branches and deposit market share are Wachovia Bank (134 branches and 14 percent market share), Bank of America (171 branches and 11 percent market share), and SunTrust Bank (176 branches and 11 percent market share). As of June 30, 2004, the Alexandria branch reported total deposits of \$225.5 million. Between 2002 and 2003, the bank's deposits and market share in this market dropped significantly from \$2.5 billion (2.58 percent market share) to \$219 million (0.21 percent market share) mainly as a result of the bank's transfer of CHL escrow and financial center deposits from the Alexandria branch to the new branch located in Dallas, TX. According to bank records as of June 30, 2004, approximately \$122.5 million of the remaining deposits reported for the Alexandria branch were from consumers residing in the Washington, D.C. MSA.

Recent contacts with four local community development organizations revealed affordable housing and neighborhood development as the most pressing credit needs of the community. Affordable housing was identified as the primary credit need as housing prices have far outpaced incomes, particularly for low- and moderate-income city residents. Additionally, gentrification of neighborhoods has caused home prices to rise sharply in recent years. Higher prices have adversely affected the ability of community development organizations to acquire properties for rehabilitation and resale. Greater efforts are needed in the development and redevelopment of the surrounding neighborhoods. The contacts also revealed that low- and moderate-income families need flexible mortgages for affordable housing and the need for first-time homebuyer financing programs.

LENDING TEST

The bank's performance under the Lending Test in the VA/Washington, D.C. multistate MSA is rated "**Low Satisfactory.**" Based on a full-scope review, the bank's performance in the MSA is adequate.

Because 2002 was a start-up period for the bank's mortgage lending business, we placed more weight on lending activity in the 2003 period. Additionally, we include two sets of standardized tables in Appendix D for the Washington, D.C. MSA, which show two separate reporting periods: January 1, 2002, through December 31, 2002, using 1990 census data, and January 1, 2003, through December 31, 2003, using 2000 census data.

Lending Activity

Refer to Table 1 Lending Volume in the "Multistate Metropolitan Statistical Area(s)" section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity measures the volume of lending in comparison to the bank's size and resources. It is one of five performance criteria considered in the Lending Test rating and is the foundation of the Lending Test conclusion. Generally, a primary way to put a financial institution's lending volume into perspective is to compare its market share and market rank of loans to its market share and market rank of deposits. However, given Treasury Bank's significant growth and nonretail nature of a large portion of its deposits, a comparison of market shares and market ranks would not provide any meaningful insight into the bank's overall lending activity. Rather, we considered other performance contextual factors such as bank size, capacity to lend, OCC-approved business model, and competition.

Lending activity within the Washington, D.C. MSA reflects adequate responsiveness to assessment area credit needs. This is based on the number of home mortgage loans originated or purchased in relation to the bank's size, capacity to lend, business strategy, and competition from other lenders. During the two-year evaluation period, the bank originated or purchased 7,120 home mortgage loans in the Washington, D.C. MSA totaling over \$1.12 billion. Based on publicly available market data for all 1,148 lenders in the assessment area during 2003, the bank's market share of home mortgage loans was 0.70 percent by number and 0.55 percent by dollar, ranking it the 29th largest mortgage lender.

To put this lending volume into perspective, the bank originated or purchased approximately 87 percent of its home mortgage loans during 2003. The bank was still in a "startup" period during 2002. During the two-year period, the bank purchased a substantial majority of its mortgage loans to help it achieve its CRA lending goals. Of the 7,120 mortgage loans reported, the bank purchased 6,349 loans or approximately 89 percent. In dollar volumes, more than \$1.01 billion of the \$1.17 billion in mortgages were purchased. The bank grew significantly during 2003. Total assets increased 280 percent from \$5.1 billion to \$19.4 billion, and averaged \$12.6 billion during the year. Its Tier 1 Capital increased 140 percent from \$625 million to \$1.5 billion and averaged \$1.2 billion. As a result, the bank needed to significantly increase its own originations

and purchases of home mortgage loans, consistent with safe and sound principles and current regulatory lending restrictions, to ensure it would meet its CRA lending goals.

Treasury Bank originates or purchases mortgage loans through CHL's three lending channels: Consumer Markets Division ("CMD"), Wholesale Lending Division ("WLD"), and Correspondent Lending Division ("CLD"). The CMD channel provides home mortgage loans and home equity lines of credit directly to consumers, real estate agents, and builders through 400 CHL offices nationwide, regional sales centers, central processing units via telemarketers, and through the Internet. The WLD channel has over 50 offices and it provides non-conforming negative amortization adjustable rate mortgages, hybrid mortgages, and stand-alone equity mortgage loans to consumers whose loans originate through nearly 15,000 nonaffiliated mortgage brokers. As of this evaluation, only 19 of those offices offer the bank's loan products. The CLD channel is for open market purchases of bulk loans that originated at other financial institutions and mortgage lenders.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the "Multistate Metropolitan Statistical Area(s)" section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans by income level reflects good penetration throughout the assessment area. The bank's home purchase and home refinance mortgage lending in 2002 compare favorably with the distribution of owner-occupied housing units according to the 1990 U.S. Census.

In 2003, the bank's geographic distribution of home purchase and home refinance mortgage loans also compare favorably to the distribution of owner-occupied housing units as reported by the 2000 U.S. Census. Based on census data for 2000, low-income census tracts and moderate-income census tracts represented just 7.81 percent and 24.78 percent of the census tracts in the assessment area, respectively. The percentages of low- and moderate-income tracts increased slightly from 5.94 percent and 23.68 percent reported during the 1990 census. Because the bank only originated or purchased 2 home improvement loans in 2002 and 40 in 2003, a geographic distribution analysis of this home mortgage product would not be meaningful and therefore omitted from this evaluation. The bank did not originate or purchase any multifamily mortgage loans in the Washington, D.C. MSA.

Home Purchase Loans

During 2002, the bank originated or purchased 603 home purchase loans totaling \$54.8 million. As Table 2 depicts, the bank's percentages of home purchase loans in low- and moderate-income census tracts in the Washington, D.C. MSA are near to the percentages of owner-occupied housing units in those tracts, which indicates good performance. For example, 0.83 percent of the bank's home purchase loans were to borrowers residing in low-income geographies, which is

adequate when considering that only 1.21 percent of the owner-occupied housing units is in low-income geographies. Performance in moderate-income geographies was better as the bank's percentage of home purchase loans was near to the percentage of owner-occupied housing units in those geographies indicating good performance. The bank's market shares of home purchase loans in low- and moderate-income tracts were below its overall market share.

In 2003, the number of home purchase loans increased to 3,264 and the dollar volume increased substantially to \$478.7 million. The bank's geographic distribution performance also improved, particularly in lending in low-income geographies. The bank's geographic distribution exceeds the distribution of owner-occupied housing units in low-income geographies, which reflects excellent performance. The distribution is somewhat lower than the distribution of owner-occupied housing units in moderate-income geographies, which reflects good performance.

Home Improvement

The bank originated or purchased too few home improvement loans in the assessment area to provide any meaningful analysis.

Home Refinance

In 2002, the bank originated or purchased 341 home refinance loans within the assessment area totaling \$89.3 million. The distribution of refinance loans in low-income geographies is adequate. In low-income geographies, the percentage of the bank's home refinance loans is below the percentage of owner-occupied housing units. As Table 4 shows, only 1.21 percent of the owner-occupied housing units are located in low-income tracts. In moderate-income geographies, the bank's distribution is excellent as its percentage of home refinance loans is higher than the percentage of owner-occupied housing units. The bank also performed slightly better in its market shares of home refinance loans in low- and moderate-income geographies when compared to its overall market share, indicating greater responsiveness to the home refinance needs in those geographies than the overall market.

In 2003, the bank originated or purchased significantly more home refinance loans. The number of home refinance loans increased to 2,870 and the dollar volume increased to \$549.1 million. Its performance in lending in low- and moderate-income geographies also improved. Compared to the percentages of owner-occupied housing units in low- and moderate-income geographies, the bank's performance is excellent as it exceeded the demographics.

Lending Gap Analysis

The OCC analyzed the bank's home mortgage lending patterns in the Washington, D.C. MSA by using maps and other reports. Examiners found no conspicuous gaps or geographic areas with abnormally low loan penetration that could not be adequately explained.

Inside/Outside Ratio

The inside/outside ratio of home mortgage loans is low, but considered adequate based upon the bank's strategic focus as a nationwide lender with only one retail branch in its assessment area. The Bank originated a low volume of its loans in the assessment area. In the combined assessment areas for 2002 and 2003, the bank's overall inside/outside ratio for home mortgage lending by numbers of loans was 16 percent. The following percentages of lending within the assessment areas are by product type: home purchase (15.50 percent), home refinance (17.06 percent), and home improvement (5.92 percent).

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

This section measures the bank's mortgage lending to borrowers of different income levels, with primary focus on low- and moderate-income borrowers. A bank's distribution of loans compared to the demographic information provides a strong indication of the bank's performance in lending to borrowers of different income levels.

The bank's overall distribution of home mortgage loans reflects adequate penetration among borrowers of different income levels, particularly those defined as low- and moderate-income.

For each mortgage product, Treasury Bank improved its performance in lending to low- and moderate-income families from 2002 to 2003. As discussed on page 14, we placed more weight on the performance in 2003 because 2002 was primarily a start-up year for the bank.

Home Purchase

In 2002, the bank's distribution of home purchase loans to low-income families was significantly less than the percentage of low-income families in its assessment area. Based on 1990 census data, 6 percent of the households in the assessment area live below the poverty level. A low-income person earns less than \$45,750. This low income coupled with a median housing cost of \$177,912 makes it difficult for a low-income person to afford a home in the assessment area. In consideration of these mitigating factors, performance in lending to low-income borrowers is adequate. During 2002, approximately 4.34 percent of the bank's home purchase loans went to low-income families, while low-income families represented 17.83 percent of the assessment area population according to the 1990 U.S. Census. Its market share of home purchase loans to low-income borrowers is slightly higher than its overall market share. This indicates the bank performed better relative to other lenders in originating or purchasing loans to low-income borrowers. The bank's lending to moderate-income borrowers in the same year closely reflected the percentage of moderate-income families and is considered adequate.

In 2003, performance in lending to low-income borrowers remained adequate, considering the same mitigating factors. Lending to moderate-income families is excellent. The OCC recognizes that lenders sometimes face barriers in originating home mortgage loans to low-income borrowers especially in areas where housing costs are extremely high. With seven percent of the area households below the poverty line according to 2000 census data, housing is less likely affordable for low-income borrowers. In addition, the minimum credit score requirements the OCC imposed on the bank may have contributed, in part, to the bank's inability to underwrite loans to low-income borrowers.

Home Improvement

The bank originated or purchased too few home improvement loans in the assessment area to provide any meaningful analysis.

Home Refinance

In 2002, the bank's distribution of home refinance loans to low- and moderate-income families was significantly less than percentages of low- and moderate-income families in the assessment area, indicating poor performance even when considering the mitigating factors discussed above in lending to low-income borrowers. For example, the 1990 U.S. Census indicates 17.83 percent of the families are low-income, while receiving only 1.32 percent of the bank's home refinance loans. The percentage of loans improved for moderate-income borrowers, but was well below the percentage of moderate-income families in the assessment area indicating poor performance.

However, in 2003, the bank's distributions of home refinance loans to low- and moderate-income families improved substantially.

While the bank's percentage of home refinance loans to low-income families remained less than the demographics, performance is adequate when considering the mitigating factors discussed above under home purchase lending for 2003 in lending to low-income borrowers. The bank significantly exceeded the demographics for moderate-income families indicating excellent performance. Additionally, the bank's market shares of loans to low- and moderate-income families were greater than its overall market share indicating greater responsiveness to the mortgage refinancing needs of low- and moderate-income families.

Community Development Lending

Refer to Table 1 Lending Volume in the “Multistate Metropolitan Area(s)” section of Appendix D for the facts and data used to evaluate the bank’s level of community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans.

The bank did not originate or purchase any community development loans during this evaluation period.

Product Innovation and Flexibility

Treasury Bank has made little use of innovative and/or flexible-lending products to help meet the credit needs of low- and moderate-income borrowers in its assessment areas. In September 2004, the bank rolled out its first flexible loan product. The Optimum Loan, a new mortgage loan product targets creditworthy borrowers with little or no funds for down payment, have higher than average debt ratios, or other special circumstances. The Optimum Loan is an initiative of Countrywide’s House America program and is targeted to first-time homebuyers and borrowers moving up to larger homes. As of this evaluation, no loans under the Optimum Loan program have been funded. The bank has 302 loans in the pipeline.

INVESTMENT TEST

Refer to Table 14 in the “Multistate Metropolitan Area(s)” section of Appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

The bank’s performance under the Investment Test in the VA/Washington, D.C. multistate MSA is rated “**Outstanding**.” Based on a full-scope review, the bank’s performance in the MSA is excellent.

According to interviews with local community groups, some of the greatest needs in the MSA include investments and grants that support loans for affordable housing, down payment assistance for first time homebuyers, and financial literacy programs that will assist individuals in the fight against predatory lending practices. There are many investment opportunities in this assessment area. However, the area includes many specialized financial institutions, nationwide banks, and large regional banks that are also subject to the CRA and aggressively pursue all available opportunities to purchase the larger community development investments.

As of this evaluation date, Treasury Bank’s qualified investments and grants in the assessment area total \$82.6 million. All of the investments were made during this review period. The quality and the quantity of the investments represent an excellent responsiveness to some of the most significant community development needs in the assessment area. One of these investments is considered complex. Examples of these investments include the following:

- The bank invested \$80.6 million in 24 mortgage-backed securities. A substantial majority of the underlying assets represents mortgage loans to low- and moderate-income borrowers in the Washington, D.C. MSA.
- The bank made a \$350 thousand equity investment and a \$100 thousand certificate of deposit investment in the only community development bank in Washington, D.C. These funds, along with those of other investors, helped finance 415 new affordable housing units and created or retained 306 jobs in Washington, D.C.'s least served low- and moderate-income communities.
- The bank committed \$7.7 million in Federal Low Income Housing Tax Credits, which support low-income housing developments. To date, \$1.1 million of the commitment has been funded. Due to the difficulty in structuring this investment, it is considered complex.
- The bank made a \$25 thousand grant to a local community development organization. The grant will be used to finance a cyber café/classroom and a financial literacy program. The café/classroom, which is scheduled to open December 2004, will serve low- and moderate-income community residents in the Washington, D.C. MSA.

In addition, the bank provided \$371 thousand in qualified grants that helped support economic development in low- and moderate-income areas and provide affordable housing, homeownership counseling, workshops on financial literacy, and other services for low- and moderate-income persons. These grants are very responsive to some of the most significant needs in the Washington, D.C. MSA.

It is noteworthy that the bank's affiliate CHL also made \$520 thousand in grants to national community development organizations, which serve low- and moderate-income populations. We did not consider these grants in our analysis because, although they also help serve the needs of the Washington, D.C. MSA, they expand significantly beyond the regional area. However, these grants further demonstrate the bank's efforts to address the needs of low- and moderate-income individuals and geographies.

SERVICE TEST

The bank's performance under the Service Test in the VA/Washington, D.C. multistate MSA is rated "**Low Satisfactory**." Based on a full scope review, the bank's performance in the MSA is adequate. In forming our conclusions, we considered the unique structure of the bank, as well as the limited number of staff that could reasonably be expected to perform community development services in the assessment area. (The bank has only 52 employees at this location with a majority of them employed at a call center.) Furthermore, in determining the rating for the Service Test, we placed more weight on retail banking services than on community development services as the Service Test was designed to achieve a balance in favor of full-service branches, while still considering alternative delivery systems. The bank relies primarily on its alternative delivery systems to deliver its products and services. These alternative delivery systems are judged only for their availability and effectiveness in delivering retail banking

products and services in low- and moderate-income geographies and to low- and moderate-income individuals.

Retail Banking Services

Refer to Table 15 in the “Multistate Metropolitan Area(s)” section of Appendix D for the facts and data used to evaluate the distribution of the bank’s branch delivery system and branch openings and closings.

Treasury Bank’s branch delivery system is reasonably accessible to geographies and individuals of different income levels. The bank’s presence in the Washington, D.C. MSA consists of one branch, which is located in an upper-income census tract in Alexandria, Virginia, and is open Monday through Friday from 9:00 AM to 3:00 PM. However, this branch is not a traditional branch. The branch has only one customer service representative, whose purpose is to explain the bank’s product offerings and how to access them. The representative can also open deposit accounts and accept non-cash deposits. Cash is not accepted through any channel and is only dispensed through the ATM, which is located in the branch. The ATM is not full service and can only be used by customers to withdraw funds from their checking accounts. Customers may also withdraw cash from any ATM that is a part of the Star, Plus, and Cirrus networks with no Treasury Bank fee.

Treasury Bank was not designed to be a traditional bank. Unlike its local competitors, which have well established and extensive branch networks both nationally and in the assessment area, the bank’s business model lacks any significant proprietary branch presence in any of its assessment areas. Rather than using traditional branches, a majority of the bank’s customers access Treasury Bank’s services almost exclusively through its alternative delivery systems, such as its call centers, financial centers, and the Internet, to develop and obtain deposit and loan relationships on a national level. The bank has 45 financial centers in Arkansas, California, Florida, Illinois, New Jersey, Pennsylvania, and Texas. The bank has one financial center and one branch within the Dallas, TX MSA. However, these locations are in upper-income census tracts. Consequently, the bank’s locations are not a significant factor in determining accessibility to the bank’s services for all individuals and geographies in its assessment area.

Deposit products offer a higher interest rate than that of competing banks and were designed to appeal to senior citizens on fixed incomes. The bank collects deposits primarily through mail or wire transfers. Customers can place their deposits in a postage-paid envelope provided by the bank and these are mailed to the bank’s processing center in Alexandria, Virginia through a third-party courier service. Although some of Treasury Bank’s deposits come from traditional customer relationships in the assessment area such as those noted above, almost half of the deposits are escrow deposits placed by its affiliate, CHL, on behalf of its loan-servicing customers across the United States. The bank’s product offerings take advantage of its relationship with CHL and focus exclusively on serving consumers’ housing-related credit and general savings needs.

The bank’s services are reasonably accessible to individuals of all income levels and all geographies. An analysis of bank records indicates that the bank’s alternative delivery systems

have been somewhat effective in reaching low- and moderate-income individuals and geographies. A summary of the bank's depositors, provided by the bank, notes that 1,416 (45 percent) of the 3,152 deposit accounts are held by the elderly (65 years old or older). According to the U.S. Census, 51 percent of the persons aged 65 and over in the assessment area is low- and moderate-income. Using census data, one can conclude that approximately 722 accounts or 23 percent of the account holders are elderly and low- and moderate-income. Demographics show that 38 percent of the population is low- and moderate-income. In addition, individuals that live in low- or moderate-income geographies in the assessment area opened 13 percent of the number of the deposit accounts, compared to 29 percent of the population that lives in low- and moderate-income census tracts.

In order to develop stronger lines of communication between the bank and local community groups, management hired an outreach officer in early 2004, who is from the Washington, D.C. MSA. She has contacted local community development organizations in an effort to raise awareness in the local low- and moderate-income communities regarding the products and services the bank offers and how to gain access to them. In addition, the bank provided funds to a local organization for the express purpose of establishing a cyber café, which is scheduled to open during December 2004, for low- and moderate-income individuals in the area. This will afford those individuals, who do not have a home computer, the opportunity to access the bank's services through the Internet. Please refer to the Investment Test for information about the cyber café.

Consistent with its business plan, the bank did not open or close any branches in the assessment area during this evaluation period.

Community Development Services

Treasury Bank provided an excellent level of community development services in the assessment area. The bank and its affiliate CHL have provided a variety of services to 22 local organizations that benefit low- and moderate-income individuals. These services are responsive to some of the most pressing needs in the bank's assessment area and include the following:

- A bank officer works with Washington, D.C.'s housing chief to identify ways to leverage existing subsidy funds for mortgages that benefit low- and moderate-income homebuyers.
- A bank officer provides technical assistance to a community development organization regarding matters related to financial literacy, affordable housing subsidies, and budget counseling programs for low- and moderate-income individuals.
- A senior officer of the bank's affiliate is also chairperson of a committee that helps prepare low- and moderate-income minorities for homeownership.
- A representative of CHL serves on a local committee whose purpose is to implement specialized housing initiatives in order to increase home ownership for low- and moderate-income Latinos.

- CHL employees participated in a local conference and counseled conference attendees on homebuyer education. The conference was targeted to individuals working in the affordable housing field and low- and moderate-income individuals interested in purchasing a home.
- In conjunction with a Fannie Mae Housing Impact Advisory Council, employees of CHL provided free credit reports, loan pre-qualifications, and one-on-one counseling for low- and moderate-income persons at the 2002 and 2003 fairs. The bank provided nearly 900 credit reports on-site. In addition one employee of CHL participated in a panel discussion on “First-Time Homebuyer Programs,” while another participated in a panel discussion for Spanish-speaking individuals entitled “Fundamentos de la Compra de Casa” (Fundamentals of Buying a Home).
- In conjunction with a local community development organization, which focuses on assisting low- and moderate-income women, a bank officer provided financial education to low- and moderate-income single mothers.
- Through its Builder’s Advantage Program, CHL provides VA/FHA and FNMA/FHLMC project approval and master appraisal packaging and processing. CHL has handled five housing projects that will provide affordable housing to low- and moderate-income homebuyers, most in southeast Washington, D.C. area.
- A bank officer provides technical assistance in arranging and promoting investments for assembling capital for the preservation and creation of affordable housing units for low- and moderate-income persons.
- The bank’s former chairman served on a local foundation and assisted in fundraising for cardiovascular services for low- and moderate-income individuals who could not otherwise afford to pay for the services.

State Rating

State of Texas

CRA Rating for Texas:	<u>Satisfactory</u>
The Lending Test is rated:	<u>Low Satisfactory</u>
The Investment Test is rated:	<u>High Satisfactory</u>
The Service Test is rated:	<u>Low Satisfactory</u>

The major factors that support this rating include:

- The bank originated or purchased an adequate number of home mortgage loans in relation to the bank’s size, capacity to lend, business strategy, and competition. Although the bank originated or purchased substantially far more mortgage loans outside its combined two assessment areas, lending inside the assessment area is considered adequate based upon the bank’s strategic focus as a nationwide lender with only one retail branch in each assessment area.
- The geographic distribution of home mortgage loans reflects adequate penetration in low- and moderate-income geographies when compared to the distribution of owner-occupied housing units and considering mitigating factors.
- Home mortgage lending reflects adequate penetration among retail customers of different income levels, particularly those defined as low- and moderate-income.
- The bank’s investments in the assessment area totaled \$24 million, indicating good responsiveness to the area’s needs consistent with its recent entry into the assessment area.
- The bank’s branch delivery system is reasonably accessible to geographies and individuals of different income levels. As in the Washington, D.C. area, almost all of the bank’s customers access services and products exclusively through alternative delivery systems. The bank also provides a good level of community development services in the assessment area.

Description of Institution’s Operations in Texas

Refer to the market profiles for the State of Texas in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Treasury Bank has one assessment area in the State of Texas, which comprises all of the Dallas Metropolitan Statistical Area (#1920) and it includes Collin County, Dallas County, Denton County, Ellis County, Henderson County, Hunt County, Kaufman County, and Rockwall

County. According to the 2000 U.S. Census, the Dallas MSA consists of 701 census tracts and is home to over 3.5 million residents. The 2000 median family income for the area is \$55,854 and approximately 10 percent of the households are below the national poverty level.

The bank's operations in the Dallas area are limited to a single branch, a financial center and a call center in the Dallas MSA. Other Texas operations include financial centers in Fort Worth and Houston. As of June 30, 2004, the Dallas branch reported total deposits of \$15.2 billion, including escrow deposits. The market is served by a large and diverse group of financial institutions, which compete for deposits and loans. Three of the bank's largest competitors in this market in terms of branches and deposit market share are Bank of America (187 branches and 18 percent market share), Bank One (106 branches and 12 percent market share), and JP Morgan Chase Bank (47 branches and 6 percent market share). According to deposit figures from the FDIC as of June 30, 2004, Treasury Bank at 16 percent market share, ranked second just behind Bank of America in overall deposit market share.

The bank made a business decision in 2003 to shift a substantial portion of its deposits from the Alexandria branch to the Dallas branch. The portion of deposits shifted primarily consisted of CHL escrow deposits, which are not deposits received from the community. This large movement of deposits has caused the bank's market share of deposits to be quite large. As a result, the use of deposit market shares would not be an accurate measure or indicator of the bank's size or financial capacity within the local market. Given the bank's business model, a better indicator of capacity would be a comparison to mortgage lenders in the market. According to 2003 mortgage peer data, Treasury Bank ranked 23rd of the top 25 mortgage lenders in the Dallas area by numbers of loans. Its market share of mortgage loans was 0.89 percent.

Scope of Evaluation in Texas

As the Dallas, TX MSA is the sole assessment area in the State of Texas, it received a full-scope review. Please refer to Appendix A for more information.

Recent contacts with three community development organizations in the Dallas area identified affordable housing as the most pressing credit need of the community. Contacts the bank performed also identified the need for more down payment assistance programs.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

Lending Activity

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

Lending activity within the Dallas, TX MSA reflects adequate responsiveness to the assessment area credit needs. This is based on the number of home mortgage loans originated or purchased in relation to the bank's size, capacity to lend, and business strategy. The lending volumes for this assessment area represent only one year of reported lending activity due to the addition of the assessment area in 2003. During 2003, the bank originated or purchased 3,428 home mortgage loans totaling \$346.1 million. Based on publicly available market data for all 893 mortgage lenders in the assessment area during 2003, the bank's market share of home mortgage loans was 0.89 percent by number of loans and 0.66 percent by dollar volume, ranking it the 23rd largest mortgage lender.

As discussed for the Washington, D.C. assessment area, the bank was still in a "startup" period during 2002. The bank purchased a substantial majority of its home mortgage loans from other lenders to help it meet its CRA lending goals. Of the 3,428 home mortgage loans reported, the bank purchased 2,716 loans or 79 percent. The dollar volume of purchased loans totaled \$301.4 million or 87 percent. The bank continued to grow significantly in 2003 from \$5.1 billion in total assets at the beginning of the year to \$19.4 billion by year-end. Total assets averaged \$12.6 billion during the year.

Bank management planned to rely on the lending activities of one of its affiliates to help it meet its CRA goals within the Dallas MSA assessment area. Management decided however to significantly increase the bank's own originations and purchases to meet those CRA goals. The originations and purchases are accomplished through CHL's three lending channels. For details of those channels, please refer to the Lending Activity section for the Washington, D.C. assessment area on page 15.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the State of Texas section of 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 reflects adequate penetration in low- and moderate-income census tracts when considering the mitigating factors discussed below. Also, refer to Appendix C for a discussion of the local economy and opportunities for lending. The bank's home purchase and home refinance mortgage lending in 2003 compares less favorably with the distribution of owner-occupied housing units in low- and moderate-income census tracts as reported by the 2000 U.S. Census. Low- and moderate-income census tracts account for 8.99 percent and 30.10 percent of the tracts, respectively.

Many of the low- and moderate-income geographies are located in the southern areas of the city, while the branch and CHL mortgage offices are located toward the north among the middle- and upper-income geographies. The lending penetration is higher in areas that are in closer proximity to the bank and the mortgage offices. In addition, the demand for home mortgage loans is higher in the northern section as this is where most of the economic development has occurred within Dallas. For more information the economic conditions within Dallas, please refer to the market profiles in Appendix C.

We also considered in our analysis that 2003 was primarily a startup year for the bank's operations in this assessment area.

Because the bank only originated or purchased 10 home improvement loans in 2003, a geographic distribution analysis of this home mortgage product would not be meaningful and therefore omitted from this evaluation. In addition, the bank did not originate or purchase any multifamily mortgage loans in the Dallas, TX MSA.

Home Purchase Loans

During 2003, the bank originated or purchased 2,142 home purchase loans in the Dallas, TX MSA totaling \$210.1 million. As Table 2 depicts, the bank's percentages of home purchase loans in low- and moderate-income census tracts in the Dallas, TX MSA are below the percentages of owner-occupied housing units in those tracts, but considered adequate when considering the mitigating factors previously discussed. 1.17 percent of the bank's home purchase loans were to borrowers residing in low-income geographies, which is adequate when considering that only 2.50 percent of the owner-occupied housing units is in low-income geographies. The low percentage of lending in low-income tracts is also consistent with the average penetration for all lenders. Performance in moderate-income geographies was also below the percentage of owner-occupied housing units in those geographies. 9.57 percent of the bank's home purchase loans were in moderate-income geographies, while those geographies contain 21.60 percent of the area's owner-occupied housing units. The average penetration for all lenders was also low at 12.03 percent. The bank's market shares of home purchase loans in low- and moderate-income tracts were each below its overall market share, indicating the bank did not perform as well as other institutions.

Home Improvement Loans

The bank originated or purchased too few home improvement loans in the assessment area to provide any meaningful analysis.

Home Refinance Loans

The distributions of home refinance loans in low- and moderate-income geographies are also adequate when considering the mitigating factors discussed above. In 2003, the bank originated or purchased 1,276 home refinance loans within the assessment area totaling \$135.7 million. In low-income geographies, the percentage of the bank's home refinance loans is below the percentage of owner-occupied housing units, but is consistent with the performance of other lenders, which averaged a penetration of 0.84 percent. However, as Table 4 shows, only 2.50

percent of the owner-occupied housing units are located in low-income tracts, which would indicate an overall low level of demand for housing loans. In moderate-income geographies, the bank's distribution of home refinance loans is much higher at 11.52 percent, even exceeding the 9.55 percent average performance for other lenders. Yet, it is below the percentage of owner-occupied housing units of 21.60 percent. The bank performed slightly better in its market share of home refinance loans in moderate-income geographies when compared to its overall market share, indicating greater responsiveness to the home refinance needs in those geographies.

Lending Gap Analysis

The OCC analyzed the bank's home mortgage lending patterns in the Dallas, TX MSA by using maps and other reports. Examiners found no conspicuous gaps or geographic areas with abnormally low loan penetration that could not be adequately explained.

Inside/Outside Ratio

The inside/outside ratio of home mortgage loans is adequate and reflective of the bank's strategic focus as a nationwide lender and one retail branch in its assessment area. The Bank originated a low volume of its loans in the assessment area. In the combined assessment areas for 2002 and 2003, the bank's overall inside/outside ratio for home mortgage lending by numbers of loans was 16 percent. For details of the overall ratio and ratios for each mortgage product, please refer to the "Inside/Outside Ratio" section for the Washington, D.C. MSA.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

This section measures the bank's mortgage lending to borrowers of different income levels, with primary focus on low- and moderate-income borrowers. The bank's distribution of loans compared to the demographic information provides a strong indication of the bank's performance in lending to borrowers of different income levels.

The bank's overall distribution of home mortgage loans reflects adequate penetration among retail customers of different income levels, particularly those defined as low- to moderate-income.

Home Purchase

The overall distribution of home purchase loans to borrowers of different income levels is adequate when considering the barriers to lending to low-income borrowers. In 2003, the bank's distribution of home purchase loans to low-income families was significantly less than the percentage of low-income families in its assessment area, but considered adequate when considering the barriers to lending to low-income borrowers discussed below. During 2003, approximately 4.37 percent of the bank's home purchase loans went to low-income families, while low-income families represented 21.11 percent of the assessment area population according to the 2000 U.S. Census.

Lower income borrowers face additional barriers to obtaining mortgage loans. With 10 percent of the area households below the poverty line, housing is less likely affordable for low-income borrowers. The lower disposable income for many borrowers defined as low-income makes it difficult to afford the monthly mortgage payments in areas of high cost housing. In addition, the minimum credit score requirements the OCC imposed on the bank may have contributed, in part, to the bank's inability to underwrite loans to low-income borrowers.

The bank's lending to moderate-income families in the same year closely reflected the percentage of moderate-income families and is considered good. This performance is also higher than that of all lenders in the assessment area, which indicates the bank is among the leaders in providing home purchase loans to moderate-income borrowers.

Home Improvement

The bank originated or purchased too few home improvement loans in the assessment area to provide any meaningful analysis.

Home Refinance

The overall distribution of home refinance loans to borrowers of different income levels is adequate. In 2003, the bank's distribution of home refinance loans to low-income borrowers was significantly less than percentage of low-income families in the assessment area, but considered adequate when considering the barriers to lending to low-income borrowers discussed previously. The 2000 U.S. Census indicates that 21.11 percent of the families are low-income, while they received only 2.87 percent of the bank's home refinance loans.

This performance is not inconsistent with the performance of all lenders in the area, which averaged 4.86 percent. The percentage of loans improved for moderate-income borrowers, but still below the demographics. Approximately 14.98 percent of the bank's home refinance loans were to moderate-income families, which represented 17.94 percent of the population. The average penetration to moderate-income borrowers by all lenders was 14.14 percent. Treasury Bank's market share of loans to moderate-income families was slightly greater than its overall market share indicating greater responsiveness to the mortgage refinancing needs of moderate-income families.

Community Development Lending

Refer to Table 1 Lending Volume in the State of Texas section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

The bank did not originate or purchase any community development loans during this evaluation period.

Product Innovation and Flexibility

The bank makes little use of innovative or flexible lending practices for low- and moderate-income borrowers in this assessment area. The bank recently rolled out a flexible loan product to help address the credit needs of low- and moderate-income persons. For further details of this product, see the "Product Innovation and Flexibility" section in the discussion of the Washington, D.C. MSA rating.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

The bank's performance under the Investment Test in Texas is rated "**High Satisfactory.**" Based on a full-scope review, the bank's performance in the Dallas, TX MSA is good. This is based on the responsiveness of the bank's investments and the level of investments considering the bank has only operated in this assessment area a relatively short time.

Information received from various community groups and bank management reveals that the overall level of opportunities for investments in the Dallas, TX MSA is good, although very competitive. There are opportunities for the bank to provide investments/grants that will assist in providing affordable housing loans for low- and moderate-income persons, revitalization of low- and moderate-income areas, and down payment and closing costs assistance for low-income first time homebuyers.

As of this evaluation date, Treasury Bank's investments and grants in the Dallas, TX MSA totaled \$24 million. All investments and grants were made during the current evaluation period. One investment is considered complex. Examples of the more significant investments include the following:

- The bank invested over \$21 million, or 87 percent, in 14 mortgage-backed securities. The overwhelming majority of the underlying loans are to low- and moderate-income borrowers within the assessment area.

- The bank committed \$12.7 million in Federal Low Income Housing Tax Credits, which support low-income housing developments. To date, \$2.5 million of the commitment has been funded. Due to the difficulty in structuring this investment, it is considered to be complex.

In addition, the bank made over \$374 thousand in grants to local community development organizations. A majority of these grants provided funds for affordable housing, assistance with down payment and closing costs, and homebuyer education for low- and moderate-income persons. These are all very responsive to some of the most prevalent needs identified in the assessment area.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Texas is rated "**Low Satisfactory.**" Based on a full-scope review, the bank's performance in the Dallas, TX MSA is adequate. In forming our conclusions, we considered the unique structure of the bank and the small number of employees that could reasonably be considered to provide community development services. (The bank has 29 employees in the Dallas, TX MSA, with a majority involved in taking calls at the call center.) Furthermore, in determining the rating for the Service Test, we placed more weight on retail banking services than on community development services as the Service Test was designed to achieve a balance in favor of full-service branches, while still considering alternative delivery systems. The bank relies primarily on its alternative delivery systems to deliver its products and services. These alternative delivery systems are judged only for their availability and effectiveness for delivering retail banking services in low- and moderate-income geographies and to low- and moderate-income individuals.

Retail Banking Services

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

Treasury Bank's branch delivery system is reasonably accessible to geographies and individuals of different income levels. The bank's presence in the Dallas, TX MSA consists of one branch located in an upper-income census tract in the city of Dallas that is open Monday through Friday from 8:15 AM to 5:15 PM. Treasury Bank also has a financial center that is near low- and moderate-income geographies and is staffed by an individual who can provide information to customers. However, consistent with the bank's business model described under the Washington, D.C. MSA assessment area, the bank does not rely on traditional methods for gathering deposits or making loans, but instead relies heavily on its alternative delivery systems.

Access to the bank's services through alternative delivery systems is reasonably accessible to individuals and geographies of all income levels. An analysis of bank records indicates that the bank's alternative delivery systems have been somewhat effective in reaching low- and

moderate-income individuals and geographies. A summary of the bank's depositors, provided by the bank, notes that 4,127 (62 percent) of the 6,676 deposit accounts are held by the elderly (65 years old or older). According to the U.S. Census, 62 percent of the persons aged 65 and over in the assessment area is low- and moderate-income. Using census data, one can conclude that approximately 2,559 accounts or 38 percent of the account holders are elderly and low- and moderate-income. Demographics show that 39 percent of the population is low- and moderate-income. In addition, individuals that live in low- or moderate-income geographies in the assessment area opened 12 percent of the number of the deposit accounts, compared to 35 percent of the population that lives in low- and moderate-income census tracts.

In an effort to strengthen lines of communication between the bank and local community groups, management hired an outreach officer in early 2004, who lives in the Dallas, TX MSA. She recently contacted some community development organizations to discuss the bank's products and services and to explain how to access the bank's product offerings, so that they in turn can provide this information to the low- and moderate-income individuals they serve.

At this time, the majority of Treasury Bank's deposits in the assessment area consist of escrow deposits that were transferred to the Dallas branch from the Washington, D.C. branch to bring the deposits geographically closer to CHL's loan servicing operation. These deposits were obtained from all over the nation, rather than strictly from the assessment area.

Aside from the sole branch, which opened in December 2002, Treasury Bank has not opened or closed any other branches in this assessment area.

Community Development Services

The bank provided a good level of community development services, which are very responsive to the needs of the bank's assessment area. The bank provided community development services to nine local organizations. Highlights of those services are noted below:

- The bank's affiliate provides informational home buying workshops for low- and moderate-income individuals. Employees of the affiliate also work in collaboration with Fannie Mae to promote homeownership to low- and moderate-income persons in the community.
- The bank's affiliate is the main servicer for the Mortgage Revenue Bond Program in Collin County, Denton County, and the City of Garland, Texas. The affordable housing bond program is administered through the State of Texas Department of Housing and Community Affairs. The affiliate provides Internet technology, pipeline monitoring, loan reservations, and reports on the program. In addition, the affiliate creates and updates lender manuals for the programs, provides training on the origination and delivery of loans, and monitors utilization of the program.
- Four affiliate employees provide their expertise by serving on the board, and chairing fundraising activities for an organization whose mission is to preserve and revitalize houses and communities so that low-income homeowners, particularly those who are

elderly and disabled, and families with children, can live in warmth, safety and independence.

- Officers and employees of the bank and its affiliate participated in fairs and expos to provide homeownership counseling and information regarding opportunities for home ownership for low- and moderate-income persons.

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: (Washington, D.C. MSA 01/01/02 to 12/31/03; Dallas 01/01/03 to 12/31/03) Investment and Service Tests: (05/17/01 to 10/18/04)	
Financial Institution	Products Reviewed	
Treasury Bank, National Association (“TBNA”) Alexandria, VA	Home mortgage purchase, refinance, and home improvement	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Countrywide Home Loans, Inc. (“CHL”)	Subsidiary of Countrywide Financial Corporation (“CFC”)	Investments, Community Development Services
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Washington, D.C. MSA #8840	Full-Scope	Multistate MSA includes portions of D.C., MD, VA, WV
Dallas, TX MSA #1920	Full-Scope	None

Appendix B: Summary of Multistate Metropolitan Statistical Area and State Ratings

RATINGS TREASURY BANK, N.A.				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Treasury Bank, N.A.	Low Satisfactory	Outstanding	Low Satisfactory	Satisfactory
Multistate Metropolitan Statistical Area and State:				
VA/Washington, D.C. Multistate MSA	Low Satisfactory	Outstanding	Low Satisfactory	Satisfactory
State of Texas	Low Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Washington, D.C. Metropolitan Statistical Area C-2
Dallas, TX Metropolitan Statistical Area C-4

Washington, D.C. Metropolitan Statistical Area

Demographic Information for Full-Scope Area: Washington, D.C.						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,037	7.81	24.78	39.15	27.48	0.77
Population by Geography	4,923,153	5.32	23.78	42.37	28.42	0.11
Owner-Occupied Housing by Geography	1,182,030	2.12	17.37	45.89	34.62	0.00
Businesses by Geography	336,220	3.88	18.17	41.03	35.31	1.59
Farms by Geography	6,140	1.19	18.57	50.77	29.33	0.15
Family Distribution by Income Level	1,231,477	19.68	17.95	22.24	40.13	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	463,414	10.17	36.32	40.75	12.76	0.00
Median Family Income	= 72,247					
HUD Adjusted Median Family Income for 2003	= \$84,800	Median Housing Value				= \$172,900
Households Below the Poverty Level	= 6.83%	Unemployment Rate				= 2.33%

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census, and 2003 HUD updated MFI.

The Washington, D.C. MSA is comprised of cities and communities in the District of Columbia, Maryland, West Virginia, and Northern Virginia. The area is dominated by the presence of the nation’s Capital. The MSA has a stable economy with a growing population. The population growth is primarily the result of an influx of Asian and Hispanic immigrants. The largest industries are government and tourism, followed by construction. The economy is sound with the government accounting for 35 percent of the jobs and private industry accounting for the other 65 percent. The Washington, D.C. MSA has a well-educated population, 40 percent of which are college graduates. However, the population is also becoming younger with the shift in demographics. An added benefit for residents of the Washington, D.C. MSA is the Capital’s transportation system that includes the second largest rail system and the fifth largest bus network in the country.

Despite all of these assets, the Capital still suffers from many of the same problems that afflict urban areas throughout the U.S. Housing costs have spiraled over the last 10 years with the median cost of housing rising to \$172,900. It should be noted that in the Washington, D.C. MSA, there are sufficient housing units to meet the needs of the existing population. However, many properties are in need of repair and renovation. Over 30,000 units of affordable housing are subsidized. Reduced federal subsidies have led to more blighted properties, and have limited the numbers of first time homebuyer assistance for the purchase of residences. The problem now affects not only low- and moderate-income individuals, but also middle-income workers. The area also has a large population (in excess of 7,000) of homeless individuals. It is estimated that

up to 2,500 of this population remains on the streets. In addition to other types, there is a definite need for single-room occupancy (“SRO”) housing.

The Washington, D.C. MSA has a growing entrepreneurial population. Many of the new business owners are from the expanding minority population. Many of these businesses are self-financed and are stunted by the lack of access to capital. Two of the most pronounced needs for the businesses are venture capital and small business financing in amounts of \$25,000 or less. These entrepreneurs are also prime candidates for small business training and technical assistance. Based on information obtained from community contacts made in connection with the examination and discussions with local community groups, the “big box” type that has been offered by several of the larger financial institutions does not meet the need of the average small business person in low- and moderate-income and rural communities.

Although there are several hundred bank branches in the area, there are less than 40 separate financial institutions serving the MSA. Many of the banks have followed the traditional pattern of locating institutions in suburban areas outside of the urban core or rural areas. Treasury Bank has one branch (headquarters) in Alexandria, Virginia. As in many low- and moderate-income communities, check cashers, payday lenders, and other predatory financial service providers have expanded their activities over the last several decades as many traditional financial institutions have withdrawn. In the Capital, there is some positive news in that two financial institutions, BBT, and City First National Bank (a community development bank) have opened branches in underserved neighborhoods. In addition to traditional banking services, financial literacy is viewed as the best tool for fighting predatory practices.

There are numerous opportunities for banks operating in the Washington, D.C. MSA to participate with local governments and community based organizations in meeting local needs. Most of the large community development organizations have representatives in the Washington, D.C. MSA that are more than willing to provide information on opportunities for local and national financial institutions.

State of Texas

Dallas, TX Metropolitan Statistical Area

Demographic Information for Full-Scope Area: Dallas, TX						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	701	8.99	30.10	30.96	29.39	0.57
Population by Geography	3,519,176	7.45	28.02	33.10	31.43	0.00
Owner-Occupied Housing by Geography	755,295	2.50	21.60	35.08	40.82	0.00
Businesses by Geography	266,137	4.20	25.68	32.44	36.61	1.08
Farms by Geography	5,270	2.31	21.21	40.80	35.33	0.34
Family Distribution by Income Level	886,526	21.11	17.94	20.23	40.73	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	346,149	12.82	40.27	32.90	14.01	0.00
Median Family Income = \$55,854		Median Housing Value = \$102,100				
HUD Adjusted Median Family Income for 2003 = \$65,000		Unemployment Rate = 2.53%				
Households Below the Poverty Level = 9.75%						

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census and 2003 HUD updated MFI.

The Dallas, TX MSA is a large geographic area that includes the cities of Dallas, Fort Worth, Denton, Arlington, and many other small communities. It has experienced tremendous growth since the early 1990s, attracting many high tech firms that have added to its base of finance, insurance, real estate, telecommunications, and other non-manufacturing operations. The area has a strong service-based economy. Economic projections indicate continued growth at a slower rate because of higher costs and a stabilization of wages. The median cost of a home has risen to \$102,100. Thus, Dallas is experiencing the same affordable housing and small business challenges as other large urban areas in the nation. The MSA has a population of over 3 million. It is racially diverse, with the largest concentrations of African Americans and Hispanics in the state. It also has a growing Asian population, a result of an influx from immigration.

Geographically, the northern portions of the MSA are expanding with many communities occupying what was once farming land. Development includes housing, office, commercial, and retail properties. The areas south and east of downtown Dallas have not benefited from the economic boom. An approximately 30 square mile area separated from the north by Interstate 30 is home to a large low- and moderate-income population with a per capita income that is 60 percent less than that of its neighbors to the north. The southern sector accounts for 41 percent of the Dallas population and 47 percent of its land, but contributes only 16 percent of the city's tax base. For-profit developers dominate the northern part of the MSA, while non-profits do most of the development in the low- and moderate-income areas. In areas of the southern sector,

the unemployment rate often exceeds three times the rate for the rest of Dallas. The southern sector is predominantly African American and Hispanic.

The Dallas, TX MSA has hundreds of financial institutions including independent banks and branches of large regional and national financial institutions. Treasury Bank has one branch and two financial centers in the area. However, as with the Washington D.C. MSA assessment area, the low- and moderate-income areas of the Dallas, TX MSA are underserved by many of the financial institutions. There are a few branches of national banks in the area south and east of downtown, but overall, check cashing and payday lending operations dominate the financial scene.

Based on interviews with local community organizations in the area, Dallas has a need for affordable housing especially in the southern part of the city. Specifically, there is a need for down payment and closing cost assistance for low-income first time homebuyers. There is also a need for equity for small business owners and loans in amounts less than \$25,000. Financial literacy, as a mitigator for predatory practices, is also a need, as are financial institutions that understand customers with cultural differences. Opportunities exist for banks and other financial service institutions to meet community needs. There are several Community Development Financial Institutions (“CDFI”) operating in the Dallas area. These organizations provide affordable housing and small business financing as well as technical assistance. Local governments, most notably the City of Dallas, have a range of programs including a housing trust fund, to assist in meeting the affordable housing and small business challenges of the population.

Appendix D: Tables of Performance Data

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CONTENT OF STANDARDIZED TABLESD-2

TABLES OF PERFORMANCE DATAD-3

 VA/WASHINGTON, D.C. MULTISTATE METROPOLITAN STATISTICAL AREA.....D-4

 STATE OF TEXASD-13

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - This table contains no bank data and is therefore omitted from this evaluation.
- Table 6. Geographic Distribution of Small Loans to Businesses** - This table contains no bank data and is therefore omitted from this evaluation.
- Table 7. Geographic Distribution of Small Loans to Farms** - This table contains no bank data and is therefore omitted from this evaluation.
- 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 MSA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans - See Table 8.

Table 11. Borrower Distribution of Small Loans to Businesses - This table contains no bank data and is therefore omitted from this evaluation.

Table 12. Borrower Distribution of Small Loans to Farms - This table contains no bank data and is therefore omitted from this evaluation.

Table 13. Geographic and Borrower Distribution of Consumer Loans - This table contains no bank data and is therefore omitted from this evaluation.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area. 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.

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 MSA/assessment area. The table also presents data on branch openings and closings in each MSA/assessment area.

Tables of Performance Data

VA/Washington, D.C. Multistate Metropolitan Statistical Area

Institution ID: 0000024141

Table 1. Lending Volume

LENDING VOLUME		Geography: WASHINGTON, D.C. MSA				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002						
MSA/Assessment Area (2002):	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
Washington D.C. MSA	100.00	946	144,148	0	0	0	0	0	0	946	144,148	100.00

*Loan Data as of December 31, 2002. Rated area refers to either state or multi-state MSA rating area.

**The evaluation period for Community Development Loans is from May 17, 2001 to October 18, 2004.

***Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MSA, or institution, as appropriate.

Table 1. Lending Volume

LENDING VOLUME		Geography: WASHINGTON D.C. MSA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003						
MSA/Assessment Area (2003):	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
Washington D.C. MSA	100.00	6,174	1,029,901	0	0	0	0	0	0	6,174	1,029,901	100.00

*Loan Data as of December 31, 2003. Rated area refers to either state or multi-state MSA rating area.

**The evaluation period for Community Development Loans is from May 17, 2001 to October 18, 2004.

***Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MSA, or institution, as appropriate.

Institution ID: 0000024141

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: WASHINGTON, D.C. MSA					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Washington D.C. MSA	603	100.00	1.21	0.83	18.37	17.08	49.21	43.78	31.20	38.31	0.26	0.16	0.27	0.22	0.32	

*Based on 2002 Peer Mortgage Data (MSA 8840).

** Home purchase loans originated and purchased in the MSA/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 1990 Census information.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: WASHINGTON D.C. MSA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Washington D.C. MSA	3,264	100.00	2.12	2.14	17.37	15.13	45.89	49.75	34.62	32.97	1.39	1.45	1.37	1.43	1.34	

* Based on 2003 Peer Mortgage Data (MSA 8840).

** Home purchase loans originated and purchased in the MSA/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.

Institution ID: 0000024141

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: WASHINGTON, D.C. MSA					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Washington D.C. MSA	2	100.00	1.21	0.00	18.37	0.00	49.21	100.00	31.20	0.00	0.02	0.00	0.00	0.03	0.00	

* Based on 2002 Peer Mortgage Data (MSA 8840).

** Home improvement loans originated and purchased in the MSA/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 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: WASHINGTON D.C. MSA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Washington D.C. MSA	40	100.00	2.12	5.00	17.37	10.00	45.89	55.00	34.62	30.00	0.31	0.66	0.16	0.32	0.38	

* Based on 2003 Peer Mortgage Data (MSA 8840).

** Home improvement loans originated and purchased in the MSA/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.

Institution ID: 0000024141

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: WASHINGTON, D.C. MSA					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Washington D.C. MSA	341	100.00	1.21	0.59	18.37	19.06	49.21	30.79	31.20	49.56	0.11	0.14	0.17	0.08	0.13	

* Based on 2002 Peer Mortgage Data (MSA 8840).

** Home refinance loans originated and purchased in the MSA/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 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: WASHINGTON D.C. MSA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Washington D.C. MSA	2,870	100.00	2.12	2.16	17.37	18.57	45.89	43.73	34.62	35.54	0.45	0.78	0.69	0.42	0.39	

* Based on 2003 Peer Mortgage Data (MSA 8840).

** Home refinance loans originated and purchased in the MSA/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.

Institution ID: 0000024141

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: WASHINGTON, D.C. MSA					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002					Market Share*				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Washington D.C. MSA	603	100.00	17.83	4.34	18.97	16.19	24.92	31.39	38.28	48.08	0.01	0.03	0.01	0.01	0.00	

* Based on 2002 Peer Mortgage Data (MSA 8840).

** As a percentage of loans with borrower income information available. No information was available for 0.7% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

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

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: WASHINGTON D.C. MSA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Washington D.C. MSA	3,264	100.00	19.68	5.37	17.95	21.13	22.24	32.61	40.13	40.88	1.53	0.88	1.27	1.63	1.80	

* Based on 2003 Peer Mortgage Data (MSA 8840).

** As a percentage of loans with borrower income information available. No information was available for 7.7% 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 MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Institution ID: 0000024141

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: WASHINGTON, D.C. MSA					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002					Market Share*				
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Washington D.C. MSA	2	100.00	17.83	0.00	18.97	50.00	24.92	0.00	38.28	50.00	0.02	0.00	0.03	0.00	0.03	

* Based on 2002 Peer Mortgage Data (MSA 8840).

** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: WASHINGTON D.C. MSA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*				
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Washington D.C. MSA	40	100.00	19.68	7.69	17.95	15.38	22.24	25.64	40.13	51.28	0.33	0.20	0.20	0.27	0.53	

* Based on 2003 Peer Mortgage Data (MSA 8840).

** As a percentage of loans with borrower income information available. No information was available for 2.5% 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 MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

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Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: WASHINGTON, D.C. MSA				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002					Market Share*				
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Washington D.C. MSA	341	100.00	17.83	1.32	18.97	8.25	24.92	17.82	38.28	72.61	0.01	0.01	0.01	0.01	0.01	

* Based on 2002 Peer Mortgage Data (MSA 8840).

** As a percentage of loans with borrower income information available. No information was available for 11.1% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: WASHINGTON D.C. MSA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*				
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Washington D.C. MSA	2,870	100.00	19.68	9.33	17.95	27.27	22.24	26.56	40.13	36.84	0.52	0.58	0.67	0.47	0.45	

* Based on 2003 Peer Mortgage Data (MSA 8840).

** As a percentage of loans with borrower income information available. No information was available for 11.5% 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 MSA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

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Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: WASHINGTON, D.C. MSA		Evaluation Period: MAY 17, 2001 TO OCTOBER 14, 2004				
MSA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Washington D.C. MSA	0	0	53	82,632	53	82,632	100.00	2	6,560

* '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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: WASHINGTON, D.C. MSA				Evaluation Period: MAY 17, 2001 TO DECEMBER 31, 2002									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Washington D.C. MSA	100.00	1	100.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	4.27	25.09	45.54	25.05

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: WASHINGTON D.C. MSA				Evaluation Period: JANUARY 1, 2003 TO OCTOBER 18, 2004									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Washington D.C. MSA	100.00	1	100.00	0.00	0.00	0.00	100.00	0	0	0	0	0	0	5.32	23.78	42.37	28.42

State of Texas

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Table 1. Lending Volume

LENDING VOLUME		Geography: TEXAS				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003						
MSA/Assessment Area (2003):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
Dallas TX MSA	100.00	3,428	346,117	0	0	0	0	0	0	3,428	346,117	100.00

*Loan Data as of December 31, 2003. Rated area refers to either state or multi-state MSA rating area.
 ** The evaluation period for Community Development Loans is from May 17, 2001 to October 18, 2004.
 *** Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MSA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: TEXAS				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003									
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Dallas TX MSA	2,142	100.00	2.50	1.17	21.60	9.57	35.08	24.88	40.82	64.38	1.50	1.18	1.19	1.13	1.80

* Based on 2003 Peer Mortgage Data (MSA 1920).
 ** Home purchase loans originated and purchased in the MSA/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.

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Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: TEXAS				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
Dallas TX MSA	10	100.00	2.50	0.00	21.60	0.00	35.08	0.00	40.82	100.00	0.13	0.00	0.00	0.00	0.23

* Based on 2003 Peer Mortgage Data (MSA 1920).

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: TEXAS				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
Dallas TX MSA	1,276	100.00	2.50	0.63	21.60	11.52	35.08	26.57	40.82	61.29	0.54	0.40	0.66	0.50	0.55

* Based on 2003 Peer Mortgage Data (MSA 1920).

** Home refinance loans originated and purchased in the MSA/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.

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Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: TEXAS					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Dallas TX MSA	2,142	100.00	21.11	4.37	17.94	16.97	20.23	24.47	40.73	54.19	1.71	0.89	1.34	1.51	2.18	

* Based on 2003 Peer Mortgage Data (MSA 1920).

** As a percentage of loans with borrower income information available. No information was available for 5.9% of loans originated and purchased by BANK.

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

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: TEXAS					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*				
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Dallas TX MSA	10	100.00	21.11	0.00	17.94	0.00	20.23	10.00	40.73	90.00	0.14	0.00	0.00	0.07	0.20	

* Based on 2003 Peer Mortgage Data (MSA 1920).

** As a percentage of loans with borrower income information available. No information was available for 0.0% 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 MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

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Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: TEXAS				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*				
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Dallas TX MSA	1,276	100.00	21.11	2.87	17.94	14.98	20.23	20.81	40.73	61.35	0.62	0.37	0.66	0.56	0.66	

* Based on 2003 Peer Mortgage Data (MSA 1920).

** As a percentage of loans with borrower income information available. No information was available for 12.6% 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 MSA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: TEXAS				Evaluation Period: DECEMBER 27, 2002 TO OCTOBER 18, 2004				
MSA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)	
Full Review:										
Dallas TX MSA	0	0	16	24,245	16	24,245	100.00	2	10,160	

* '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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: TEXAS				Evaluation Period: DECEMBER 27, 2002 TO OCTOBER 18, 2004									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Dallas TX MSA	100.00	1	100.00	0.00	0.00	0.00	100.00	1	0	0	0	0	1	7.45	28.02	33.10	31.43