



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**September 13, 2010**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Zions First National Bank  
Charter Number: 4341**

**One South Main Street  
Salt Lake City, UT 84133**

**Office of the Comptroller of the Currency**

**Assistant Deputy Comptroller – Midsize Bank Supervision  
250 E Street, SW  
Washington, DC 20219-0001**

**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 **Zions First National Bank (hereafter referred to as “ZFNB” or “Bank”)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Zions First National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X		
Low Satisfactory		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:

- A good distribution of loans to geographies of different income levels. We consider the distribution of home loans adequate, small business loans excellent and small farm loans poor.
- An overall poor distribution of loans to borrowers of different income levels and businesses and farms of different sizes. We consider the distribution of home loans adequate, small business loans poor and small farm loans excellent.
- An excellent level of overall lending and Community Development (CD) lending. In the State of Idaho, the level of CD lending had a significantly positive impact on the Lending Test rating in that state.
- An overall adequate level and responsiveness of CD investments. The overall Bank Investment Test rating is driven primarily by the State of Utah where performance was adequate.
- A branch distribution system that is readily accessible to individuals living in low- and moderate-income geographies along with an excellent level of community development services.

## 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 metropolitan area/assessment area.

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

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Federal Reserve, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

ZFNB is an interstate banking subsidiary of Zions Bancorporation (Zions), both of which are headquartered in Salt Lake City, Utah. Zions is a multibank holding company comprised of five national bank affiliates (including ZFNB), three state bank affiliates, and one national trust bank. As of June 30, 2010, Zions had over \$52.0 billion in assets. Zions conducts business in the states of Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, and Washington.

As of June 30, 2010, ZFNB had total assets of \$17.0 billion, deposits of \$14.1 billion, and total loans of \$13.5 billion. Tier 1 Capital was \$1.7 billion. Approximately 75.6% of the Bank's loan portfolio was comprised of real estate loans, of which the predominant portion (48.9%) was secured by non-farm, non-residential properties. Commercial and industrial loans comprised 17.5% of the portfolio.

ZFNB is a full-service financial institution that offers banking, trust, investment, leasing, mortgage, and cash management products and services to commercial enterprises of all sizes as well as individual customers. As of the evaluation date, ZFNB operates 133 full-service banking offices (106 in Utah and 27 in Idaho) and 199 deposit-taking Automated Teller Machines (ATM) in Utah and Idaho. Although the Bank's business strategy is not limited to any one business endeavor, its primary focus is commercial banking with an emphasis on small business lending. ZFNB has been the top lender of SBA 7(a) loans in Utah for the past 16 consecutive years, and has been the top lender in Southern and Eastern Idaho for eight consecutive years. ZFNB also leads all other financial institutions in Utah and Idaho in marketing SBA loans to women- and minority-owned businesses. ZFNB was honored by SBA as First Mortgage Lender of the Year for its excellence in making first mortgage loans in conjunction with SBA 504 projects for commercial owner-occupied real estate in 2009. The National Association of Government Guaranteed Lenders (NAGGL) honored ZFNB with its annual Distinguished Service Award in November of 2009. The award recognizes outstanding contributions to NAGGL and Small Business Administration lending. ZFNB was the first financial institution in the nation to receive authorization by the SBA to extend a new America's Recovery Capital loan to a small business client. ZFNB also leads all other banks in its market area in marketing loans to SBA's "New Market" segment, which represents Hispanics, Native Americans, Asians, veterans, and women.

Competition is strong in ZFNB's assessment areas (AA) with numerous local, regional, and national banks as well as credit unions, mortgage companies, and non-bank lenders. Specifically in the Bank's Salt Lake City AA, there are several large industrial loan corporations headquartered in Salt Lake City that compete strongly for CD loan and investment opportunities.

There are no known legal, financial, or other factors impeding the Bank's ability to help meet credit needs in its communities. The Bank received an Outstanding rating in its previous CRA examination dated October 2, 2006.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We reviewed home mortgage, small business, and small farm loans for the time period January 1, 2006 through December 31, 2009. The mortgage loans reviewed were home purchase, home improvement, and home refinance loans. Multi-family loans are not a primary loan product, with each of the Bank's AAs having no more than 20 loans originated during the evaluation period. As such, we did not analyze multi-family loan performance. However, we considered multi-family loans meeting the CD definition as part of CD lending. We reviewed CD loans, investments and services from October 2, 2006 through September 13, 2010.

### Data Integrity

Prior to this CRA evaluation, we tested for accuracy ZFNB's publicly filed information on home mortgage loans, small loans to businesses, and small loans to farms. The data we reviewed was collected and reported by the Bank over the evaluation period. The testing indicated no substantive inaccuracies in the data. Therefore, we concluded that the home mortgage loans, small loans to businesses, and small loans to farms data could be relied upon for this examination. Additionally, CD loans, investments, and services made or rendered during the evaluation period were reviewed to determine their eligibility for consideration. We included in this examination, all activities found to meet the definition of CD. Finally, we reviewed for appropriateness the Bank's process of collecting and reporting home mortgage, small business, and small farm loan data. We found no substantive deficiencies in these processes.

### Selection of Areas for Full-Scope Review

In each state where the Bank has an office, an AA or areas within that state were selected for full-scope reviews. Generally, we chose full-scope areas because they represented a significant portion of the Bank's deposit base and lending business in that state. Refer to the "Scope" section under each state rating for details regarding how the areas were selected.

### Ratings

The Bank's overall rating is a blend of the state ratings. The Bank had two rating areas for this examination, namely the State of Utah and State of Idaho. We placed the most weight on the State of Utah since it had the largest percentage of deposits for the Bank, at approximately 92.8% of total deposits.

Additionally, when evaluating the Bank's performance under the Lending Test, we placed a higher value on the Bank's distribution of small business loans (both by borrower income and geography) than the distribution of home loans. Within home loans, greater weight was placed on home refinance loans, with home purchase and home improvement receiving somewhat lesser weight. Small farm lending performance also received a lesser value than small business and home loan performance. We placed this emphasis on small business lending due to it being the Bank's primary lending focus and an expressed credit need in all assessment areas. Secondary emphasis was placed on home loan performance due to the identified community needs for affordable housing.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the “Scope” section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

### **Inside/Outside Ratio**

This ratio is a bank-wide calculation, and is not calculated by individual rating area or AA. Analysis is limited to Bank originations and purchases, and does not include any affiliate data. For the combined four year evaluation period, a substantial majority of all loan products were made inside the Bank’s AAs (86.3%). The percentage in number of loans made inside the AAs by loan type are as follows: small loans to businesses (89.0%), home refinance loans (86.3%), home purchase loans (75.0%), home improvement loans (94.0%), and small loans to farms (75.7%).

### **Community Contacts**

We conducted community contacts with one to three community organizations within the full-scope areas to identify community needs. In Utah, these organizations included the following: a local housing organization, an organization that provides services and temporary housing for low- and moderate-income families, and a small business development corporation. According to these contacts the needs are as follows: financial support for programs that seek to provide temporary, transitional, and permanent housing for low- and moderate-income families; affordable home mortgage loans; participation in a foreclosure taskforce; and loans for small and mid-size businesses, especially those that do not qualify for SBA 504 financing. In Idaho, a local housing agency and an organization that links local government and small businesses were contacted. According to these contacts the needs are as follows: grants and loans to organizations seeking to provide affordable housing; second deed trust loans for down payments; loan participation in business development and small business financing; and involvement on board and finance committees.

## **Fair Lending or Other Illegal Credit Practices Review**

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

## State Rating

### State of Utah

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

The major factors that support this rating include:

- Good geographic distribution and excellent lending activity was offset by a poor distribution of loans to borrowers of different income levels and businesses of different sizes. In addition, ZFNB had a positive level of CD loans.
- Adequate responsiveness to the CD needs of the rating area despite a relatively low level of qualified investment volume and complexity.
- Excellent branch and ATM distribution, an excellent level of community development services, a good record of opening and closing branches, and good branch hours.

### Description of Institution's Operations in Utah

ZFNB has eight AAs within the state of Utah. These include: the Salt Lake City AA, the Ogden-Clearfield AA, the Provo-Orem AA, the St. George AA, the Logan AA, and three AAs in the non-metropolitan areas of the state. With the exception of the Logan AA, these AAs include whole metropolitan statistical areas (MSAs) or counties in the non-metropolitan areas and comprise the entire state. The Salt Lake City AA is comprised of Salt Lake, Summit and Tooele Counties. The Ogden-Clearfield AA is comprised of Davis, Morgan and Weber Counties. The Provo-Orem AA is comprised of Juab and Utah Counties. The Logan AA includes Cache County. The Non-MSA AAs include the Counties of Box Elder, Rich, Wasatch, Duchesne, Daggett, Uintah, Carbon, Sanpete, Emery, Grand, Sevier, Millard, Beaver, Piute, Wayne, San Juan, Garfield, Iron, and Kane. These non-metropolitan areas were combined for analysis purposes for this examination. ZFNB has 106 branches in the state, representing 79.7% of the Bank's total branch network.

As of June 30, 2009, the Bank ranked fifth in total state deposits with a 4.1% market share. ZFNB's statewide deposits totaled \$12.7 billion. Deposit competitors include JPMorgan Chase Bank, NA, Wells Fargo Bank, NA, Key Bank, NA, and US Bank, NA. Based on bank deposits, the State of Utah was the largest rating area and accounted for approximately 92.8% of total bank deposits.

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

## Scope of Evaluation in Utah

We performed a full-scope review of ZFNB's Salt Lake City AA. Within the State of Utah, this AA is the most significant for the Bank. The AA comprises 74.4% of ZFNB's statewide deposits and 36.6% of the Bank's home mortgage, small business, and small farm loans.

In arriving at our conclusions for the Lending Test, more weight was placed on small business loans as described in the **Ratings** section. Commercial lending is ZFNB's primary lending focus. Small Business lending is one of the major credit needs in the AAs as confirmed through our discussions with community contacts. Secondary emphasis was placed on home mortgage lending since this was also a credit need in the AA. Within mortgage lending, home refinance lending received the most weight, followed by home purchase lending and home improvement lending. The highest percentage (55.5%) of the Bank's home mortgage loans during the review period were for home refinance purposes. This is due to the low interest rates that have prevailed over the past number of years. We placed the least amount of weight on small farm loans due to the low volume. During the evaluation period, the Bank originated only 74 small farm loans.

In arriving at our conclusions, we considered the downturn in the economy during the evaluation period. We also considered the Bank's efforts to offer products which are beneficial to low- and moderate-income individuals and small business borrowers. Some of these efforts, which are not necessarily reflected in the lending volume, are noted under **Product Innovation and Flexibility**. Our analysis also considered the 8.0% of households in the Salt Lake City MSA that are below the poverty rate. It is expected that a large number of these households would be families in the low-income category. This factor makes it difficult for a low-income family to afford a home in this AA.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

ZFNB's performance under the Lending Test in Utah is rated "High Satisfactory." Based a full-scope review, the Bank's performance in the Salt Lake City AA is good.

### Lending Activity

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

The Bank's overall lending activity in the State of Utah is excellent. During the evaluation period, ZFNB originated 11,590 home mortgage loans totaling \$2.2 billion; 29,621 small loans to businesses totaling \$2.4 billion; and 1,476 small loans to farms totaling \$119 million.

### *Salt Lake City MSA*

ZFNB's lending activity in the Salt Lake City MSA AA was excellent, considering the competition for reportable home mortgage loans and small loans to businesses. In the Salt Lake City AA, ZFNB originated/purchased 15,666 home mortgage, small loans to businesses,

small loans to farms, and CD loans totaling over \$1.8 billion. Small loans to businesses accounted for 79.0% of the number of loans and 58.0% of the dollar volume of loans. The number and dollar volume of small loans to farms represented less than half of 1.0% of the total number and dollar volume.

Based on number of loans, 2008 market share data indicated ZFNB ranked 23<sup>rd</sup> with a market share of 1.1% out of 271 home purchase lenders, 10<sup>th</sup> with a market share of 2.2% out of 88 home improvement lenders, and 24<sup>th</sup> with a market share of 0.8% out of 314 home refinance lenders operating in this AA. The dominant home purchase and home improvement lender in the AA was Wells Fargo Bank, NA with a market share of 16.0%. Bank of America, NA/Countrywide was the top home refinance lender with a market share of 16.0%. For small business loans, ZFNB ranked 4<sup>th</sup> with a market share of 13.3% out of 88 small business lenders. The dominant small business lender in the AA was Wells Fargo Bank, NA with a market share of 26.0%. For small farm loans, the Bank ranked 2<sup>nd</sup> with a market share of 14.3% out of 12 small farm lenders. The Bank's small business and small farm lending rank and market share compared very favorably to the Bank's deposit rank and market share; the Bank ranked 7<sup>th</sup> with a market share of 3.3% for deposits.

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

Overall, the geographic distribution is good. As noted previously, more weight was placed on the Bank's small loans to businesses performance; minimal weight was placed on small loans to farms performance, as the volume of these loans was insignificant to the Bank's overall lending volume.

#### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in the State of Utah 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 ZFNB's home mortgage loans in the Salt Lake City MSA AA is adequate. We did not place significant weight on geographic distribution of home mortgage loan products in low-income geographies since there are few opportunities to originate home mortgage loans. Owner-occupied units in low-income CTs represent less than 1.0% of all owner occupied units in the Salt Lake City MSA.

The geographic distribution of ZFNB's home purchase loans is good. The portion of home mortgage loans in low-income geographies significantly exceeded the demographic comparator indicating excellent performance. The portion of home purchase loans in moderate-income geographies was somewhat below the percentage of owner-occupied housing units and was adequate. Market share of home purchase loans in the low-income geographies was below the Bank's overall market share and reflected adequate performance. The market share of home purchase loans in moderate-income geographies was near to the Bank's overall market share, indicating good performance.

Geographic distribution of home improvement loans is good. The portion of home improvement loans in low-income CTs significantly exceeded the demographic comparator and was considered excellent. The portion of home improvement loans in moderate-income

geographies was below the percentage of owner-occupied units and was adequate. The Bank had no market share in low-income CTs, reflecting very poor performance. In moderate-income geographies, the Bank's market share exceeded its overall market share and reflected excellent performance.

The geographic distribution of home refinance loans in the Salt Lake City MSA AA is poor. The portion of loans in both low-income and moderate-income geographies was significantly below the percentage of owner-occupied units and was considered very poor and poor, respectively. The market share of refinance loans in low-income geographies was significantly below the Bank's overall market share and was considered very poor. The market share of refinance loans in the moderate-income CTs was below the Bank's overall market share, but reflected an adequate performance.

### ***Small Loans to Businesses***

Refer to Table 6 in the State of Utah section of Appendix D for the facts and data used to evaluate the geographic distribution of the Bank's originations/purchases for small loans to businesses.

Geographic distribution of ZFNB's small loans to businesses is excellent in both low- and moderate-income geographies. The portion of loans in low- and moderate-income CTs significantly exceeded the portion of businesses in those geographies and was considered excellent. Additionally, the market share of small loans to businesses in both low- and moderate-income CTs exceeded the Bank's overall market share, indicating excellent performance.

### ***Small Loans to Farms***

Refer to Table 7 in the State of Utah section of Appendix D for the facts and data used to evaluate the geographic distribution of the Bank's origination/purchase of small loans to farms.

Geographic distribution of the Bank's small loans to farms is poor. The Bank did not originate any small loans to farms in low-income geographies, indicating very poor performance. However, less than 4% of the farms were located in these tracts limiting the Bank's opportunity to originate small loans to farms in these tracts. The portion of small loans to farms in moderate-income CTs was significantly below the portion of farms in these areas reflecting very poor performance. Market share in moderate-income CTs exceeded the Bank's overall market share and was excellent.

### ***Lending Gap Analysis***

We analyzed ZFNB's lending distribution in the Salt Lake City AA to determine if any unexplained conspicuous gaps existed. We used reports to compare the geographies where loans were made to the overall geographies. We also reviewed the demographics of geographies where no loans were made. We considered loan distributions, branch locations, market conditions and demographic information. No unexplained conspicuous gaps were identified.

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

The overall borrower distribution is poor in the Salt Lake City MSA.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in the State of Utah 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.

The distribution of home mortgage loans to borrowers of different incomes in the Salt Lake City MSA is adequate. Borrower distribution for home purchase and home refinance loans is adequate. The distribution of home improvement loans is good.

The portion of home purchase loans to low-income borrowers was below the percentage of low-income families; however, this was considered adequate when considering the percentage of households below the poverty level. The portion of home purchase loans to moderate-income borrowers was somewhat below the percentage of moderate-income families and was also considered adequate. The market share of home purchase loans to low-income borrowers was substantially equal to the Bank's overall market share and was excellent. The market share of home purchase loans to moderate-income borrowers was significantly below the overall market share and was considered poor.

The portion of home improvement loans to low-income borrowers was near to the percentage of low-income families and was excellent after analyzing the percentage of households living below the poverty level. The portion of home improvement loans to moderate-income borrowers was below the percentage of moderate-income families but was considered adequate. The market share of home improvement loans to low-income borrowers exceeded the Bank's overall market share and was excellent. The market share of home improvement loans to moderate-income borrowers was below the overall market share and was considered adequate.

The portion of home refinance loans to both low- and moderate-income borrowers was below the percentage of families in each income category, respectively. This performance was considered adequate for both low- and moderate-income borrowers, even when considering the number of households living below the poverty level. The market share of home refinance loans to low-income borrowers exceeded the overall market share and was considered excellent. The market share of refinance loans to moderate-income borrowers was below the Bank's overall market share and was adequate.

### ***Small Loans to Businesses***

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

ZFNB's lending to businesses of different sizes in the Salt Lake City MSA is poor. The portion of loans to businesses that are small, those with gross annual revenues of \$1 million or less, was well below the demographic comparator, and was considered poor. The Bank's market

share of small loans to businesses was somewhat below its overall market share but was adequate.

### ***Small Loans to Farms***

Refer to Table 12 in the State of Utah section of Appendix D for the facts and data used to evaluate the borrower distribution of the Bank's origination/purchase of small loans to businesses.

ZFNB's lending to farms of different sizes in the Salt Lake City MSA is excellent. The portion of loans to farms that are small, those with gross annual revenues of \$1 million or less, was near to the percentage of farms with revenues of \$1 million or less and was excellent. The Bank's market share of small loans to farms exceeded its overall market share indicating excellent performance.

### **Community Development Lending**

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

ZFNB's level of CD lending had a positive impact on the overall evaluation of its lending performance in the Salt Lake City MSA. During the evaluation period the Bank originated 41 loans totaling \$66.6 million, or 5.6% of allocated Net Tier 1 Capital<sup>1</sup>. Of these loans, over 90% were economic development in nature and made in conjunction with the SBA 504 loan program.

### **Product Innovation and Flexibility**

The Bank has made significant efforts to participate in government guaranteed loan programs that offer flexible terms that benefit small businesses. ZFNB was the first in the nation authorized by the SBA to extend an America's Recovery Capital (ARC) loan to a small business. As of the date of this evaluation, ZFNB had originated 73.0% of all ARC loans made in Utah and ranked 5<sup>th</sup> in the nation for number of ARC loans originated. The Bank also ranked as an overall leader in the SBA's "New Market" segment which represents Hispanics, Native Americans, Asians, veterans, and women. And ZFNB was the first bank to extend the SBA's Patriot Express loans in August 2007. This program offers loans to veterans and members of the military who want to establish or expand small businesses. ZFNB has been the top lender of SBA 7(a) loans in Utah for the past 16 consecutive years. In 2009, the National Association of Government Guaranteed Lenders recognized ZFNB's efforts by honoring the bank with its annual Distinguished Service Award. ZFNB was noted for its leadership, support for government relations, and its commitment to SBA lending. In 2009, the SBA also honored ZFNB for its excellence in making first mortgage loans in conjunction with the SBA 504 projects for commercial owner-occupied real estate.

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<sup>1</sup> The term "allocated Net Tier 1 Capital" is used to describe the portion of capital that is equal to the portion a specific AA represents in relation to total bank deposits. It is used only as a reference. The term is used in relation to ZFNB's CD lending and qualified investments.



ZFNB has also made significant efforts to participate in numerous programs which promote affordable housing. The Bank has a dedicated mortgage staff that specializes in working with low-income and first-time homebuyers. This staff does not work on commission; so the focus is on providing the best loan for the individual borrowers. Some of the loan products the Bank offers include government guaranteed loan programs that offer flexible home loans to low- and moderate-income (LMI) borrowers. The Bank originated 124 loans, which offered a below market rate, totaling \$14 million under one affordable housing program and 45 loans totaling \$6.2 million under another affordable housing program to qualified LMI borrowers. ZFNB is the only financial institution that offers Department of Housing and Urban Development (HUD) 184 loans in Utah. The HUD 184 program is designed to offer home ownership and housing rehabilitation to eligible Native Americans living on tribal land. Since the Bank became involved in this program, it has closed 16 HUD 184 loans. In 2009, ZFNB partnered with local CD organizations to help a disabled individual purchase a home. This required efforts on the Bank's part to help design a loan which would fit the needs of the low-income, disabled borrower.

In addition to offering affordable home mortgage loan products and small business loans, the Bank has also made an effort to provide other affordable consumer loan products. The Bank partnered with the Utah Assistive Technology Foundation to provide low- or no-interest consumer loans to LMI individuals with disabilities. Loans can be used to purchase hearing or visual aids, vehicles fitted for accessibility, ramps, and wheelchairs. The Bank did not request to have consumer loans considered for this review.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, ZFNB's performance under the Lending Test in the Ogden-Clearfield MSA is stronger than the Bank's overall "High Satisfactory" performance in the state and is considered excellent. Performance in the Provo-Orem MSA, the St. George MSA, and the Utah Non-MSA areas is not inconsistent with the Bank's overall performance in the state and is good. Performance in the Logan MSA is weaker than the overall performance in the state and is adequate. Refer to the Tables 1 through 13 in the State of Utah section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The Bank's performance under the Investment Test in Utah is rated "Low Satisfactory." Based on a full-scope review, the Bank's performance in the Salt Lake City MSA is adequate. ZFNB's responsiveness to the identified needs of the AA is adequate. Performance in the limited-scope assessment areas did not impact the Investment Test rating for the State of Utah.

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

The adequate conclusion for the Salt Lake City AA is primarily based on the volume of current and prior period investments, along with the Bank's investment in Utah Housing Bonds throughout the state. During the evaluation period, ZFNB originated 97 investments and

grants in the AA totaling \$3.2 million. This represents approximately 0.3% of allocated Tier 1 Capital. Additionally, we considered the ongoing impact that investments made prior to the current evaluation period had within the AA. The remaining balance on eight prior period investments as of our examination date totaled \$19.5 million. When considering both current and prior period investments, the total of \$22.7 million represents approximately 1.9% of allocated Tier 1 Capital for the AA. In addition to investments made within the Salt Lake City AA, the Bank originated approximately \$76.7 million in four Utah Housing Bonds during the evaluation period. While these investments benefit areas throughout the State of Utah including the Bank's AAs, they were favorably considered in our analysis of the Bank's performance in the full-scope AA.

The Bank's responsiveness to the CD needs in the AA is adequate. All of the prior period investments and over half of the current period investments relate to a \$100 million New Markets Tax Credit awarded to Zions Community Investment Corporation (ZCIC), a subsidiary of the Bank. This tax credit was awarded during the prior evaluation period, the funds of which are used to finance loans to qualifying small businesses. As these loans are paid off, the funds are reinvested with other businesses. The remaining current period investments were made to organizations focused on affordable housing and community services.

We considered competition from other financial institutions for CD investments and economic factors during the evaluation period when performing our review. Competition in the AA is strong with a number of large banks, industrial loan corporations, and credit unions competing for CD investments. During the evaluation period CD investment opportunities became less available as many organizations and developers put larger projects on hold until the economy recovers.

The Bank also made investments and grants to organizations and funds throughout the State of Utah, but not located within any of the AAs in the state. These investments and grants, while not located directly within the Bank's AAs, have the potential to benefit one or more of the AAs in the state. In the current evaluation period, seven investments totaling \$190 thousand and 21 investments totaling \$5.6 million were made in the statewide area and broader regional area with potential to benefit the AAs, respectively. These additional investments enhanced the Bank's overall performance under the Investment Test; however, they were not significant enough to impact the overall state rating.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the Bank's performance in the Provo-Orem MSA and Non-MSA AA is stronger than overall performance in the state and is considered excellent. Performance in the Ogden-Clearfield MSA is also stronger and is good. This performance is stronger due to a higher level of investments. ZFNB's performance in the St. George and Logan MSAs is weaker than the overall performance in the state, due to a lower level of investments, and is considered very poor. The combined performance in the limited-scope AAs was not significant enough to impact the overall rating for the State of Utah. Refer to Table 14 in the State of Utah section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

ZFNB's performance under the Service Test in the State of Utah is "Outstanding." A full-scope review of the Bank's performance in the Salt Lake City MSA revealed an overall excellent level of performance. The Bank's performance in the limited-scope AAs did not impact the Service Test rating for the Bank.

### **Retail Banking Services**

Refer to Table 15 in the State of Utah 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.

ZFNB's branch distribution in the Salt Lake City AA is excellent. Branches are readily accessible to all geographies and individuals of different income levels. The distribution of ZFNB's branches and ATMs in both low- and moderate-income CTs exceeded the percentage of the population in low- and moderate-income CTs.

Branch openings and closings have not affected the overall accessibility of the Bank's delivery systems, particularly to low- and moderate-income individuals. The Bank has an existing or new branch located within two miles of all closed branches. Overall, the Bank's activity during the evaluation period resulted in one less branch in a moderate-income CT of the Salt Lake City AA. Branch services are tailored to the needs of the AA and do not vary in a way that would inconvenience portions of the AA, particularly low- and moderate-income individuals or CTs.

### **Community Development Services**

ZFNB employees provided an excellent level of community development services by participating in a variety of organizations that benefit LMI individuals, promote economic development, and provide affordable housing. Bank employees hold leadership positions in many organizations, including board and committee memberships of CD organizations that address needs including affordable housing and small business development. During the evaluation period, 169 Bank employees volunteered their expertise to 133 different community development organizations in the Salt Lake City AA. Examples of ZFNB's community development services are listed below.

- The Children's Center - The Children's Center is a private, non-profit, resource providing therapeutic treatment to emotionally and behaviorally troubled pre-school aged children. A Bank employee served on the board and on numerous committees for the organization.
- Utah Microenterprise Loan Fund (UMLF) - UMLF is a private, non-profit multi-bank community development financial institution, whose mission is to provide financing and management support to entrepreneurs in start-up firms that do not have access to

traditional funding sources. A Bank employee served as a member of the Credit Committee.

- Volunteer Income Tax Assistance (VITA) - Bank employees prepared and filed taxes for free for LMI taxpayers. In addition to serving as tax preparers, site coordinators, financial coaches, and translators, Bank employees also provide technical assistance to groups that host VITA.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the Bank's performance under the Service Test in the Logan, Ogden-Clearfield and St. George AAs is not inconsistent with the Bank's overall "Outstanding" performance under the Service Test in Utah. In the Provo-Orem AA, performance is weaker than the Bank's overall performance in the state and is considered good. Performance in the Utah Non-MSA AA is also weaker and is adequate. These conclusions are mainly due to branch distribution. Performance differences in these areas are not significant enough to impact the Bank's overall rating in the state. Refer to Table 15 in the State of Utah section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Idaho

<b>CRA Rating for Idaho:</b>	<b><u>Outstanding</u></b>
<b>The Lending Test is rated:</b>	<b><u>High Satisfactory</u></b>
<b>The Investment Test is rated:</b>	<b><u>Outstanding</u></b>
<b>The Service Test is rated:</b>	<b><u>Outstanding</u></b>

The major factors that support this rating include:

- A significantly positive level of CD lending elevated an otherwise adequate lending performance to a good level. Lending in the non-MSA full-scope area was good while lending performance in the Boise City-Nampa MSA was excellent.
- Excellent responsiveness to the CD needs of the rating area based on qualified investment volume and complexity.
- Excellent branch and ATM distribution, an excellent level of CD services, a good record of opening and closing branches, and good branch hours.

### Description of Institution's Operations in Idaho

ZFNB has nine AAs within the State of Idaho. These AAs include: the Boise City-Nampa AA, the Idaho Falls AA, the Lewiston AA, the Pocatello AA, and five AAs in non-metropolitan areas of the state. These AAs consist of whole MSAs or counties. The Boise City-Nampa AA is comprised of Ada, Boise, Canyon, Gem, and Owyhee Counties. The Idaho Falls AA is comprised of Bonneville and Jefferson Counties. The Lewiston AA is comprised of Nez Perce County. The Pocatello AA is comprised of Bannock and Power Counties. The non-MSA AAs include the Counties of Latah, Washington, Payette, Madison, Blaine, Gooding, Twin Falls, Cassia, Bear Lake, and Bingham. These non-metropolitan areas were combined for analysis purposes. ZFNB has 27 branches in the state, representing 21.3% of the Bank's total branch network.

As of June 30, 2009, the Bank ranked fourth in total state deposits with a 5.4% market share. ZFNB's statewide deposits totaled \$979 million. Deposit competitors include Wells Fargo Bank, NA, Key Bank, NA, US Bank, NA, and Bank of America, NA. Based on Bank deposits, the State of Idaho was the second largest rating area and accounted for approximately 7.2% of total Bank deposits.

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

## Scope of Evaluation in Idaho

We performed full-scope reviews of the Boise City-Nampa MSA and the Idaho Non-MSA AA. Within the State of Idaho, the Idaho Non-MSA is the most significant AA. This AA comprises 45.0% of ZFNB's statewide deposits and 40.0% of the home mortgage, small business, and small farm loans. As a result, we gave the Idaho Non-MSA the most weight in arriving at the overall ratings for the State of Idaho.

In arriving at our conclusions for the Lending Test, we placed more weight on ZFNB's small loans to businesses as described in the "Ratings" section. Commercial lending is ZFNB's primary lending focus. And small business lending is one of the major credit needs in the AAs as confirmed through our discussions with community organizations. Home mortgage lending is another credit need identified in the AA. Therefore, we placed secondary emphasis on home mortgage lending. Within home mortgage lending, we placed the most weight on home refinance lending, followed by home purchase lending and home improvement lending. The highest percentage of mortgage loans the Bank originated in Idaho during the evaluation period were for home refinance purposes; home refinance loans represent 48.0% of all the mortgage loans the Bank originated in Idaho. This is due to the low interest rates that have prevailed over the past number of years. We placed the least weight on small loans to farms due to the low volume of originations during the evaluation period.

In arriving at our conclusions, we considered the downturn in the economy during the evaluation period. We also considered the Bank's efforts to offer products which are beneficial to LMI individuals and small business borrowers. Some of these efforts, which are not necessarily reflected in the lending volume, are noted under **Product Innovation and Flexibility**. Our analysis also considered the 9.0% of households in the Boise City-Nampa AA and 14.0% of the households in the Non-MSA AA that are below the poverty rate. It is expected that a large number of these households would be families in the low-income category. This factor makes it difficult for a low-income family to afford a home in these AAs.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

ZFNB's performance under the Lending Test in Idaho is rated "High Satisfactory." Based on full-scope reviews, the Bank's performance in the Boise City-Nampa MSA is excellent and the Idaho Non-MSA AA is good.

### Lending Activity

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

The Bank's overall lending activity in the State of Idaho is excellent. During the evaluation period, ZFNB originated 2,568 home mortgage loans totaling \$396 million; 5,774 small loans to businesses totaling \$576 million; and 1,114 small loans to farms totaling \$108 million in the state.

### *Boise City-Nampa MSA*

ZFNB's lending activity in the Boise City-Nampa MSA is excellent. The Bank originated or purchased 2,225 home mortgage, small business, small farm, and CD loans during the evaluation period totaling \$296 million. Small business loans represent the majority of the Bank's loans at 76.0%; home mortgage loans represent 16.0%; and small farm loans represent 8.0%.

Based on number of loans, 2008 market share data indicated ZFNB ranked 47<sup>th</sup> with a market share of 0.3% out of 194 home purchase lenders, 33<sup>rd</sup> with a market share of 0.5% out of 73 home improvement lenders, and 67<sup>th</sup> with a market share of 0.2% out of 227 home refinance lenders operating in this AA. The dominant home purchase and home improvement mortgage lender in the AA was Wells Fargo Bank, NA, with a market share of 16.1% and 13.9%, respectively. The dominant home refinance lender was Bank of America, NA/Countrywide with a market share of 15.7%. Wells Fargo Bank, NA was close behind with a market share of 14.7%. For small business loans, ZFNB ranked 8<sup>th</sup> with a market share of 3.1% out of 60 small business lenders. The dominant small business lender in the AA was Wells Fargo Bank, NA, with a market share of 24.4%. ZFNB's small business lending rank and market share compared very favorably to its deposit rank and market share; the Bank ranked 11<sup>th</sup> with a market share of 2.8% for deposits.

### *Idaho Non-MSA*

ZFNB's lending activity in the Idaho Non-MSA is excellent. During the evaluation period, the Bank originated/purchased 3,811 home mortgage loans, small loans to businesses, small loans to farms, and CD loans totaling \$401 million. Small loans to businesses represent 55.0% of the Bank's loans, home mortgage loans represent 30.0%, and small loans to farms represent 15.0%.

Based on number of loans, 2008 market share data indicated ZFNB ranked 7<sup>th</sup> with a market share of 3.1% out of 151 home purchase lenders, 9<sup>th</sup> with a market share of 4.4% out of 53 home improvement lenders, and 12<sup>th</sup> with a market share of 1.7% out of 200 home refinance lenders operating in this AA. The dominant home purchase and home improvement mortgage lender in the AA is Wells Fargo Bank, NA, with a market share of 19.7% and 13.4%, respectively. The dominant home refinance lender was Bank of America, NA/Countrywide with a market share of 17.6%. Wells Fargo Bank, NA was close behind with a market share of 15.3%. For small business loans, ZFNB ranked 5<sup>th</sup> with a market share of 8.3% out of 43 small business lenders. The dominant small business lender was Wells Fargo Bank, NA with a market share of 23.0%. ZFNB's small business lending rank and market share compared favorably to the Bank's deposit rank and market share, particularly when considering that only 21 institutions competed for deposits in this AA. For deposits, the Bank ranked 3<sup>rd</sup> with a market share of 11.9%.

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

Overall, the geographic distribution is excellent in the Boise City-Nampa MSA and adequate in the Idaho Non-MSA AA. As noted previously, more weight was placed on the Bank's small loan to businesses performance; minimal weight was placed on small loans to farms

performance, as the volume of these loans was insignificant to the Bank's overall lending volume.

## **Home Mortgage Loans**

Refer to Tables 2, 3, 4, and 5 in the State of Idaho 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 ZFNB's home mortgage loans is excellent in the Boise City-Nampa MSA and very poor in the Idaho Non-MSA AA. We did not place significant weight on the Bank's performance in low-income geographies in the Boise City-Nampa AA as there are very limited opportunities to lend. Owner-occupied housing units in the low-income CTs represent less than 1.0% of all owner-occupied units in the AA. The non-MSA areas do not contain any low-income CTs; therefore, an analysis for this income category is not required.

### *Boise City-Nampa MSA*

The geographic distribution of ZFNB's home purchase loans in the Boise City-Nampa AA is excellent. The portion of home mortgage loans in low-income geographies exceeded the percentage of owner-occupied units indicating excellent performance. The portion of home purchase loans in moderate-income geographies was near to the demographic comparator and was good. With an overall home purchase loan market share of only 0.3%, an analysis of the Bank's market share performance in low- and moderate-income geographies in this AA was not meaningful.

ZFNB's geographic distribution of home improvement loans in the Boise City-Nampa MSA is excellent. Although the Bank did not originate any home improvement loans in the low-income CTs, it is important to note that there are only 987 owner-occupied housing units in these tracts. Additionally, the Bank originated or purchased only 46 home improvement loans during the evaluation period. Therefore, bank performance ratios can be significantly affected by a small number of loans. The Bank's portion of home improvement loans in moderate-income geographies significantly exceeded the demographic comparator and was excellent. With an overall home improvement loan market share of only 0.5%, an analysis of the Bank's market share performance in low- and moderate-income geographies in this AA was not meaningful.

The geographic distribution of home refinance loans is excellent. Similar to home improvement loans, the Bank did not originate any home refinance loans in low-income geographies. However, as noted above, there are few opportunities to lend in the low-income CTs. Additionally, ZFNB originated or purchased only 188 home refinance loans in the AA during the evaluation period. The portion of home refinance loans in moderate-income geographies exceeded the percentage of owner-occupied housing units indicating excellent performance. With an overall home refinance loan market share of only 0.2%, an analysis of the Bank's market share performance in low- and moderate-income geographies in this AA was not meaningful.



*Idaho Non-MSA*

The geographic distribution of home purchase loans is poor. The portion of home purchase loans in moderate-income geographies was significantly below the demographic comparator and was poor. Market share of home purchase loans in moderate-income geographies was significantly below overall market share indicating very poor performance.

The geographic distribution of home improvement loans is very poor. The portion of home improvement loans in moderate-income geographies was significantly below the percentage of owner-occupied housing units indicating very poor performance. It is noted that the Bank originated or purchased only 131 home improvement loans in the AAs during the evaluation period. Therefore, bank performance ratios can be significantly affected by a small number of loans. Market share of home improvement loans in moderate-income geographies was significantly below overall market share indicating very poor performance.

Geographic distribution of home refinance loans is very poor. The portion of home refinance loans in moderate-income geographies was significantly below the demographic comparator and was very poor. Market share of home refinance loans in moderate-income CTs was significantly below the overall market share indicating poor performance.

**Small Loans to Businesses**

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

*Boise City-Nampa MSA*

The geographic distribution of ZFNB's small loans to businesses in the Boise City-Nampa MSA is excellent. The portion of loans in both low- and moderate-income geographies significantly exceeded the portion of businesses in these geographies and was considered excellent. Additionally, the market share of small loans to businesses in both low- and moderate-income CTs also significantly exceeded the Bank's overall market share demonstrating excellent performance.

*Idaho Non-MSA*

The geographic distribution of ZFNB's small loans to businesses in the Idaho Non-MSA areas is good. The portion of small loans to businesses in moderate-income geographies was near to the demographic comparator and was good. The market share of small loans to businesses in moderate-income CTs exceeded ZFNB's overall market share and was considered excellent. As described earlier, the non-MSA areas do not contain any low-income geographies.

**Small Loans to Farms**

Refer to Table 7 in the State of Idaho section of Appendix D for the facts and data used to evaluate the geographic distribution of the Bank's origination/purchase of small loans to farms.

### *Boise City-Nampa MSA*

ZFNB's geographic distribution of small loans to farms in the Boise City-Nampa MSA is excellent. Although the Bank did not originate any small loans to farms in the low-income CTs, it is important to note that there are only 11 farms in these tracts. Additionally, the Bank originated or purchased only 167 small farm loans during the evaluation period. Therefore, bank performance ratios can be significantly affected by a small number of loans. The Bank's portion of small loans to farms in the moderate-income geographies significantly exceeded the demographic comparator and was excellent. The market share of small loans to farms in moderate-income CTs exceeded ZFNB's overall market share and was considered excellent.

### *Idaho Non-MSA*

The geographic distribution of small loans to farms in the Idaho Non-MSA areas is adequate. The portion of small loans to farms in moderate-income geographies was significantly below the percentage of farms; however was considered adequate. With only 108 farms (4.1% of total farms in the AA) in the moderate-income CTs, the Bank has limited opportunities to lend. The market share of small loans to farms in moderate-income CTs exceeded ZFNB's overall market share and is considered excellent. As described earlier, the non-MSA areas do not contain any low-income geographies.

### **Lending Gap Analysis**

We analyzed ZFNB's lending distribution in the Boise City-Nampa and Idaho Non-MSA AA to determine if any unexplained conspicuous gaps existed. We used reports to compare the geographies where loans were made to the overall geographies. We also reviewed the demographics of geographies where no loans were made. We considered loan distributions, branch locations, market conditions, and demographic information. No unexplained conspicuous gaps were identified.

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

The overall borrower distribution is good in the Boise City-Nampa MSA and adequate the Idaho Non-MSA AA.

### **Home Mortgage Loans**

Refer to Tables 8, 9, and 10 in the State of Idaho 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.

The borrower distribution of ZFNB's home mortgage loans is adequate in the Boise City-Nampa MSA and poor in the Idaho non-MSA areas. When performing our analysis we considered the percentage of households below the poverty level for both full-scope AAs. As described earlier, this percentage was 9.0% for the Boise-Nampa MSA and 14.0% for the Idaho Non-MSA AA.

*Boise City-Nampa MSA*

Overall, the distribution of home mortgage loans to low- and moderate-income borrowers in the Boise City-Nampa MSA is adequate.

The borrower distribution of ZFNB's home purchase loans in the Boise City-Nampa MSA is poor. The portion of home purchase loans to both low- and moderate-income borrowers was significantly below the demographic comparator and was considered poor for both income categories. With an overall home purchase loan market share of only .03%, an analysis of the Bank's market share performance to low- and moderate-income borrowers in this AA was not meaningful.

The Bank demonstrated excellent performance in the distribution of home improvement loans to low- and moderate-income borrowers. The portion of loans to low-income borrowers was below the demographic comparator; however was considered good when considering the percentage of households below the poverty level. The portion of home improvement loans to moderate-income borrowers exceeded the percentage of moderate-income families indicating excellent performance. With an overall home improvement loan market share of only 0.5%, an analysis of the Bank's market share performance to low- and moderate-income borrowers in this AA was not meaningful.

The Bank's distribution of home refinance loans to low- and moderate-income borrowers is adequate. The portion of home refinance loans to low-income borrowers was significantly below the percentage of low-income families and was considered poor. The portion of loans to moderate-income borrowers was below the demographic comparator indicating adequate performance. With an overall home purchase loan market share of only 0.2%, an analysis of the Bank's market share performance to low- and moderate-income borrowers in this AA was not meaningful.

*Idaho Non-MSA*

Overall, the distribution of home mortgage loans to low- and moderate-income borrowers in the Idaho Non-MSA areas is poor.

The Bank's borrower distribution of home purchase loans in the Idaho Non-MSA is poor. The portion of home purchase loans to low-income borrowers was significantly below the percentage of low-income families and was considered very poor, even when considering the percentage of households below the poverty level. The portion of loans to moderate-income borrowers was also significantly below the demographic comparator; however, was considered poor. In both the low- and moderate-income categories, the market share of home purchase loans was significantly below the Bank's overall market share and was considered poor.

Distribution of home improvement loans to low- and moderate-income borrowers is good. The portion of home improvement loans to low-income borrowers was significantly below the percentage of low-income families; however, was considered poor when considering the percent of households below the poverty level. The portion of loans to moderate-income borrowers was near to the demographic comparator and was good. The market share of home improvement loans to low-income borrowers substantially met the overall market share

and was good. The market share of loans to moderate-income borrowers exceeded the overall market share indicating excellent performance.

Distribution of home refinance loans to low- and moderate-income borrowers is poor. The portion of home refinance loans to both low- and moderate-income borrowers was significantly below the demographic comparator and was considered poor for both income categories. The market share of home refinance loans to low-income borrowers substantially met the overall market share and was good. The market share of home refinance loans to moderate-income borrowers was significantly below the Bank's overall market share indicating poor performance.

### **Small Loans to Businesses**

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

ZFNB's lending to businesses of different sizes is good in both the Boise City-Nampa MSA and Idaho Non-MSA AA.

#### *Boise City-Nampa MSA*

The Bank's lending to businesses of different sizes in the Boise City-Nampa MSA is good. The portion of loans to businesses that are small, those with gross annual revenues of \$1 million or less, was below the demographic comparator, but was considered adequate. The Bank's market share of small loans to businesses exceeded its overall market share and was considered excellent.

#### *Idaho Non-MSA*

ZFNB's lending to businesses of different sizes in the Idaho Non-MSA AA is good. The portion of loans to businesses that are small, those with gross annual revenues of \$1 million or less, was below the demographic comparator, however, was considered good. The Bank's market share of small loans to businesses substantially met its overall market share and was considered good.

### **Small Loans to Farms**

Refer to Table 12 in the State of Idaho section of Appendix D for the facts and data used to evaluate the borrower distribution of the Bank's origination/purchase of small loans to farms.

The Bank's lending to farms of different sizes is good in both the Boise City-Nampa MSA and Idaho Non-MSA AA.

#### *Boise City-Nampa MSA*

ZFNB's lending to farms of different sizes in the Boise City-Nampa MSA is good. The portion of loans to farms that are small, those with gross annual revenues of \$1 million or less, substantially met the demographic comparator, however, was considered good. The Bank's

market share of small loans to farms exceeded its overall market share and was considered excellent.

### *Idaho Non-MSA*

The Bank's lending to farms of different sizes in the Idaho Non-MSA AA is good. The portion of loans to farms that are small, those with gross annual revenues of \$1 million or less, substantially met the demographic comparator, however, was considered good. The Bank's market share of small loans to farms exceeded its overall market share and was considered excellent.

## **Community Development Lending**

Refer to Table 1, Lending Volume in the State of Idaho section of Appendix D for the facts and data used to evaluate the Bank's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

ZFNB's CD lending, in both the Boise City-Nampa MSA and the Idaho Non-MSA AA, had a significantly positive impact on the overall evaluation of its lending performance in these full-scope areas. During the evaluation period the Bank originated three CD qualifying loans for \$7.0 million in the Boise City-Nampa MSA and five loans totaling \$14.3 million in the Idaho Non-MSA AA. These totals represent 26.1% of allocated Net Tier 1 Capital<sup>2</sup> for each full-scope AA, respectively. All loans in the Boise City-Nampa AA were related to economic development and made in conjunction with the SBA 504 loan program. For the Idaho Non-MSA AAs, three of the five loans totaling \$7.9 million were SBA 504 loans. Of the remaining two loans, one was a \$4.3 million loan to a local municipality to assist in the construction of infrastructure for a new large milk plant. This plant will provide long-term jobs for low- and moderate-income individuals. The other loan was a \$2.1 million loan to construct affordable housing units.

## **Product Innovation and Flexibility**

ZFNB has made an effort to offer loan products for small businesses that are flexible. These include various SBA loan products. ZFNB ranked 5<sup>th</sup> in the nation for number of loans originated to businesses under the SBA America's Recovery Capital (ARC) loan program. The Bank has originated 20.0% of all ARC loans made in Idaho. The Bank also ranked as an overall leader in the SBA's "New Market" lending segment which represents Hispanics, Native Americans, Asians, veterans, and women.

ZFNB has a dedicated mortgage staff that specializes in working with low-income and first-time homebuyers. Staff members are not paid on commission, so they are better able to focus on getting LMI borrowers the mortgage that meets their needs. The Bank worked with the Idaho Housing Corporation to provide flexible affordable home loans for first-time LMI homebuyers

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<sup>2</sup> The term "allocated Net Tier 1 Capital" is used to describe the portion of capital that is equal to the portion a specific AA represents in relation to total bank deposits. It is used only as a reference. The term is used in relation to ZFNB's CD lending and qualified investments.

who meet specific criteria. These programs offer a below-market interest rate for home loans. Since 2007, the Bank has made 22 loans totaling nearly \$3.0 million in Idaho.

The Bank also partnered with the Idaho Assistive Technology foundation to provide low- or no-interest consumer loans to LMI individuals with disabilities. Loans can be used to purchase hearing or visual aids, vehicles fitted for accessibility, ramps, and wheelchairs. The Bank did not request to have consumer loans considered for this review.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, ZFNB's performance under the Lending Test in the Lewiston MSA and Pocatello MSA is stronger than the Bank's overall "High Satisfactory" performance in the state and is considered excellent. The Bank's performance in the Idaho Falls MSA is not inconsistent with the Bank's overall performance in the state and is considered good. Refer to the Tables 1 through 13 in the State of Idaho section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The Bank's performance under the Investment Test in Idaho is rated "Outstanding." Based on full-scope reviews, the Bank's performance in both the Boise City-Nampa and the Idaho Non-MSA AAs is excellent. ZFNB's responsiveness to the identified needs of the AAs is good. Performance in the limited-scope AAs did not impact the Investment Test rating for the State of Idaho.

Refer to Table 14 in the State of Idaho section of appendix D for the facts and data used to evaluate the Bank's level of qualified investments.

#### *Boise City-Nampa MSA*

During the evaluation period, ZFNB originated 20 investments in the AA totaling \$5.9 million. This represented approximately 22.2% of allocated Tier 1 Capital. In addition, we considered the ongoing impact that investments made prior to the current evaluation period had within the AA. The remaining balance on eight prior period investments as of the date of our examination was \$3.9 million. When considering both current and prior period investments, the total of \$9.8 million represents approximately 37.0% of allocated Tier 1 Capital for the AA.

The Bank's responsiveness to CD needs in the AA is good. All of the prior period investments and a portion of the current period investments are for economic development activities. These relate to a \$100 million New Markets Tax Credit awarded to ZCIC. This tax credit was awarded during the prior evaluation period, the funds of which are used to finance loans to qualifying small businesses. As these loans are paid off, the funds are reinvested with other businesses. The remaining current period investments were made to affordable housing and community service related entities. An example of the Bank's responsiveness is a \$4.7 million investment to Southwest District Health to construct a new health clinic. This clinic will serve a majority of the LMI families in the area and also be the Women, Infants, and Children (WIC)

program administrator for the area. The clinic will provide various health classes and services and free immunizations.

### *Idaho Non-MSA*

During the evaluation period, ZFNB originated eight investments in the Non-MSA AA totaling \$1.7 million. This represented approximately 3.1% of allocated Tier 1 Capital. In addition, we considered the ongoing impact that investments made prior to the current evaluation period had within the AA. The remaining balance on two prior period investments as of the date of our examination was \$3.5 million. When considering both current and prior period investments, the total of \$5.2 million represents approximately 9.4% of allocated Tier 1 Capital for the AA.

The Bank's responsiveness to the CD needs in the AA is adequate. One of the prior period investments and one of the current period investments relate to the \$100 million New Markets Tax Credit referenced in the Boise City-Nampa AA section. The remaining investments were made to organizations focused on community services.

The Bank also made investments and grants to organizations and funds throughout the State of Idaho, but not located within any of the AAs in the state. These investments and grants, while not located directly within the Bank's AAs, either have the potential or do not have the potential to benefit one or more of the AAs in the state. In the current evaluation period, four investments totaling \$31.3 million were made in the statewide area with potential to benefit the AAs. Additionally, two investments were made in the prior evaluation period and remain outstanding. One investment for \$1.5 million is in the statewide area with potential to benefit the AAs and one investment for \$625 thousand is in the statewide area without the potential to benefit the AAs.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the Bank's performance under the Investment Test in the Idaho Falls MSA is not inconsistent with the Bank's overall "Outstanding" performance in the State of Idaho. In the Lewiston and Pocatello MSAs, the Bank's performance is weaker than the Bank's overall performance in the state due to a lower level of investments, and is considered very poor. Refer to the Table 14 in the State of Idaho section of appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

ZFNB's performance under the Service Test in Idaho is "Outstanding." Based on full-scope reviews, the Bank's performance in the Boise City-Nampa ID MSA and Idaho Non-MSA is excellent. The Bank's performance in the limited-scope assessment areas did not impact the Service Test rating for the state.

## **Retail Banking Services**

Refer to Table 15 in the State of Idaho 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.

### *Boise City-Nampa MSA*

The geographic distribution of ZFNB's branches in the Boise City-Nampa AA is excellent. ZFNB has no branches or ATMs in low-income CTs. However, only 1.6% of the AA's population resides in the low-income CTs of this AA. Furthermore, after considering branches located in moderate-income CTs, accessibility improved in the low-income CTs. One of the branches located in a moderate-income CT of the AA is within one mile and is accessible to one low-income CT of this AA. The distribution of branches and ATMs in moderate-income CTs exceeded the population percentage in moderate-income CTs. Branch openings and closings have not affected the accessibility of the Bank's delivery systems, particularly to LMI individuals. Bank services did not vary in a way that would inconvenience portions of the AA, particularly LMI individuals or geographies.

### *Idaho Non-MSA*

ZFNB's branch distribution in the Idaho Non-MSA is excellent. There are no low-income CTs in the AA. In moderate-income CTs, the distribution of ZFNB's branches and ATMs was near to the percentage of persons in moderate-income geographies. However, after considering near-to branches, accessibility improved significantly in moderate-income CTs. Near-to branches are those located in middle- or upper-income CTs that are within one mile from a moderate-income CT. Branch openings and closings have not affected accessibility in moderate-income CTs. Bank services did not vary in a way that would inconvenience portions of the AA, particularly LMI individuals or geographies.

## **Community Development Services**

The Bank's performance in the Boise City Nampa and Idaho Non-MSA AAs is excellent. The Bank's efforts demonstrated a commitment to community development by providing technical assistance on financial and banking related matters to community groups, low- and moderate-income persons and families, and small businesses. For example, Bank employees are active in providing financial literacy presentations to area schools whose enrollment is primarily low- or moderate-income.

### *Boise City-Nampa MSA*

In the Boise City Nampa AA, ZFNB employees contributed their financial and technical expertise to numerous community organizations. During the evaluation period, 30 employees participated in community development services that benefited 38 organizations. Examples of ZFNB's community development services are listed below.

- Caldwell Canyon Economic Development Council - A Bank employee served on the Board, on committees, and as secretary for this organization whose primary purpose is revitalization of Caldwell, ID.



- Boise Neighborhood Housing Services - A non-profit organization that works to revitalize neighborhoods and provide affordable housing opportunities in Boise. A Bank employee served on the Board and Finance Committee of this organization.
- Boise Valley Habitat for Humanity - Two ZFNB employees were involved with the local chapter of Habitat for Humanity, an organization that provides affordable housing to low- and moderate-income individuals in the greater Boise area. One served as a member of both the Nomination/Selection Board and Strategic Planning Committee. The other was on the Family Selection Committee.

### *Idaho Non-MSA*

In the Idaho Non-MSA AA, 41 Bank employees volunteered their expertise to 38 different community development organizations. Examples of ZFNB's community development services are listed below.

- Montpelier Housing Authority - Housing authority that addresses issues revolving around affordable housing. A Bank employee served as President and a board member for the organization.
- St. Luke's Regional Medical Center Foundation - Foundation is responsible for assisting LMI patients with medical costs. A Bank employee served as a board member and on the Finance Committee

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the Bank's performance under the Service Test in the Idaho Falls, Lewiston, and Pocatello AAs was not inconsistent with the Bank's overall "Outstanding" performance under the Service Test in Idaho. Refer to the Table 15 in the State of Idaho section of Appendix D for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/2006 to 12/31/2009) Investment and Service Tests and CD Loans: (10/02/2006 to 09/13/2010)		
<b>Financial Institution</b>	<b>Products Reviewed</b>		
Zions First National Bank (ZFNB) Salt Lake City, UT	Home Purchase, Home Improvement, and Home Refinance loans; Small Business and Small Farm loans; Community Development Loans, Investments, and Services.		
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>	
Zions Community Investment Corporation (ZCIC)	Subsidiary	Community Development Investments	
<b>List of Assessment Areas and Type of Examination</b>			
<b>Assessment Area</b>	<b>MSA#</b>	<b>Type of Exam</b>	<b>Other Information (Reflects counties in non-MSA areas and/or counties in MSAs where whole MSAs were not selected)</b>
<b>State of Utah</b> Salt Lake City, UT MSA Ogden-Clearfield, UT MSA Provo-Orem, UT MSA Logan, UT-ID MSA St. George, UT MSA Utah Non-MSA	41620 36260 39340 30860 41100	Full-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope	Cache County  Beaver, Box Elder, Carbon, Duchesne, Emery, Garfield, Grand, Iron, Kane, Millard, Piute, Rich, San Juan, Sanpete, Sevier, Uintah, Wasatch, Wayne Counties
<b>State of Idaho</b> Boise City-Nampa, ID MSA Idaho Non-MSA	14260	Full-Scope Full-Scope	Bear Lake, Bingham, Blaine, Cassia, Gooding, Latah, Madison, Payette, Twin Falls, Washington Counties
Idaho Falls, ID MSA Lewiston, ID MSA Pocatello, ID MSA	26820 30300 38540	Limited-Scope Limited-Scope Limited-Scope	Nez Perce County

## Appendix B: Summary of State Ratings

RATINGS		Zions First National Bank		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State Rating
Zions First National Bank	High Satisfactory	Low Satisfactory	Outstanding	Satisfactory
State:				
Utah	High Satisfactory	Low Satisfactory	Outstanding	Satisfactory
Idaho	High Satisfactory	Outstanding	Outstanding	Outstanding

\* 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

### State of Utah Full-Scope Areas

#### Salt Lake City, UT MSA #41620

Demographic Information for Full-Scope Area: Salt Lake City MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	205	2.44	21.95	47.32	28.29	0.00
Population by Geography	968,858	0.79	22.59	49.65	26.97	0.00
Owner-Occupied Housing by Geography	221,417	0.20	16.53	52.75	30.52	0.00
Business by Geography	119,902	6.99	20.49	40.88	31.64	0.00
Farms by Geography	1,925	3.58	15.32	47.38	33.71	0.00
Family Distribution by Income Level	233,707	16.76	19.97	24.84	38.44	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	85,825	1.45	34.25	50.67	13.62	0.00
Median Family Income		54,586	Median Housing Value			170,522
HUD Adjusted Median Family Income for 2010		70,000	Unemployment Rate			2.35%
Households Below Poverty Level		8%	(2000 US Census)			

\* The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2010 HUD updated MFI

This AA consists of all counties within the Salt Lake City MSA, including Salt Lake, Summit, and Tooele counties. As of June 30, 2009, the Bank had \$9.4 billion in deposits in this AA, representing 74.4% of total deposits in the State of Utah. There are 56 FDIC insured financial institutions in the MSA with over 280 offices. ZFNB operates 40 branches and 74 deposit-taking ATMs in this AA. Given the large number of banks in the MSA, competition for deposit products is strong. Some of the larger deposit competitors include JPMorgan Chase Bank, NA, Wells Fargo Bank, NA, Keybank, NA, and US Bank, NA. Additionally, several large industrial loan corporations are headquartered in Salt Lake City, who actively compete for CD loans and investments.

Based on the 2000 Census, the population of the Salt Lake City AA was 968,858. Since 2000, the MSA has seen significant population growth, which from 2000 to 2009 was approximately 14.3%. Salt Lake County comprises a majority of the AA, with approximately 92.0% of the population. The 2010 HUD adjusted median family income for the AA was \$70,000. 16.8% of the families in the AA were low-income, earning a median annual income of \$35,000 or less. Approximately 20.0% of the families were moderate-income, earning an annual income of \$56,000 or less. Approximately 8.0% of all households in the AA had incomes below the poverty level, and 2.9% received public assistance.

### Employment and Economic Factors

According to the Bureau of Labor Statistics, the 2000 unemployment rate for the Salt Lake City MSA was 2.4%. For the State of Utah and nationwide in 2000, this rate was 3.4% and 4.0%, respectively. These ratios rose dramatically in 2009 to 6.9% for the Salt Lake City MSA, 7.1% for the state, and 9.3% nationally.

The Salt Lake City MSA is major tourist destination with numerous ski resorts, hotels, restaurants, and other related businesses. Business, financial and professional services; construction; leisure/hospitality; and manufacturing are the main drivers of the economy. The top five employment sectors in the area include state and local government, full-service restaurant and other eating establishments, finance related businesses, hospitals and health care services, and retail services. Salt Lake City's top five employers are Intermountain Health Care, University of Utah, Associated Food Stores, Wal-Mart Stores, and various hospitals/clinics. The overall Salt Lake City economy has shown minimal recovery at the end of ZFNB's evaluation period. Several tech-based companies are proposing expansions in the area, thus creating additional job opportunities. These companies include Twitter, Electronic Arts, Adobe, and NSA.

Vacant office space in Salt Lake County increased to a six year high in second quarter 2010, according to the Mid-Year Market Report from CB Richard Ellis (CBRE). By the end of June 2010, the office vacancy rate in Salt Lake County was 17.3%, up from 14.2% in mid-year 2009. At June 2010, there was roughly 5.2 million square feet of vacant office space in Salt Lake County, up from 4.2 million square feet of vacant office space from the same time period a year earlier, according to CBRE. The increase in vacant office space can be traced to tenants' downsizing their space requirements.

There are a myriad of community based organizations in the assessment area. The primary purposes of these organizations vary greatly and include affordable housing and healthcare, financial literacy, and creation and retention of small businesses.

Through our community contact program, we had an opportunity to meet with representatives from several community-based organizations operating in the assessment area. These representatives indicated the following significant identified community needs: downpayment assistance for first-time homebuyers, support for local small businesses, funding for home rehabilitation programs, increased affordable housing opportunities for homeowners and renters, and continued support for homeless programs.

### Housing

Within the Salt Lake City AA, 62.9% of the housing units are owner-occupied and 27.5% are renter occupied. Additionally, 16.7% of all owner occupied units and 48.7% of renter occupied units were located in LMI CTs. 19.9% of all single family (1-4 unit) homes and 52.7% multifamily (5+ unit) housing units were located in LMI CTs. According to the 2000 Census, the median housing value was \$170,522 and median monthly gross rent was \$656. 13.9% of homeowners and 10.2% of renters had home related costs that exceeded 30.0% of their income. Data from the National Association of Realtors shows that at year-end 2009, the median sales price of a home in the Salt Lake City MSA was \$217,000. At year-end 2008, the median sales price was \$229,600.

According to the industry's largest mortgage database, CoreLogic's Loan Performance Servicing database, the August 2010 foreclosure rate in the State of Utah was 3.0%, 25.0% below the national foreclosure rate of 4.0%. This database is comprised of approximately 42 million active first-lien mortgage loans totaling \$7.1 trillion, representing about 85.0% of all mortgage loans in the US. Foreclosure rates are calculated using the outstanding loan balances for active first-lien mortgage loans. From January 2009 to August 2010 for the State of Utah, the foreclosure rate doubled from 1.5% to 3.0%. This increase slightly outpaced the national average increase during the same time period of 42.5%, from 2.3% to 4.0%.

## State of Idaho Full-Scope Areas

### Boise City – Nampa, ID MSA #14260

Demographic Information for Full-Scope Area: Boise City-Nampa MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	80	3.75	23.75	47.50	25.00	0.00
Population by Geography	464,840	1.56	20.97	47.20	30.27	0.00
Owner-Occupied Housing by Geography	122,329	0.81	16.94	48.94	33.31	0.00
Business by Geography	63,328	0.88	23.52	41.94	33.67	0.00
Farms by Geography	2,681	0.41	20.96	57.74	20.89	0.00
Family Distribution by Income Level	121,252	17.91	19.17	23.63	39.29	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	44,952	2.60	29.10	50.59	17.71	0.00
Median Family Income		48,340	Median Housing Value			114,991
HUD Adjusted Median Family Income for 2010		61,900	Unemployment Rate			2.37%
Households Below Poverty Level		9%	(2000 US Census)			

\* The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2010 HUD updated MFI

This AA consists of all counties within the Boise City-Nampa MSA, including Ada, Boise, Canyon, Gem, and Owyhee counties. As of June 30, 2009, the Bank had \$212 thousand in deposits in this AA, representing 21.7% of total deposits in the State of Idaho. There are 22 FDIC insured financial institutions in the MSA with over 196 offices. ZFNB operates seven branches and seven deposit-taking ATMs in this AA. The main deposit competitors include Wells Fargo, NA, US Bank, NA, Keybank, NA, Washington Federal Savings & Loan, and Home Federal Bank. With so many large banks in the MSA, competition for all types of credit and deposit products is strong.

Based on the 2000 Census, the population of the Boise City-Nampa AA was 464,840. Since 2000, the MSA has seen significant population growth, which from 2000 to 2009 was approximately 22.7%. Ada and Canyon Counties comprise 95.1% of the AA population, at 64.0% and 31.1%, respectively. The 2010 adjusted median family income for the AA was \$61,900. 17.9% of the families in the AA were low-income, earning a median annual income of \$30,950 or less. 19.2% of the families were moderate-income, earning an annual income of \$49,520 or less. Approximately 9.0% of all households in the AA had incomes below the poverty level, and 3.1% received public assistance.

#### Employment and Economic Factors

According to the Bureau of Labor Statistics, the 2000 unemployment rate for the Boise City-Nampa MSA was 2.4%. For the State of Idaho and nationwide in 2000, this rate was 4.6% and 4.0%, respectively. These ratios rose significantly in 2009 to 8.4% for the Boise City-Nampa MSA, 7.7% for the state, and 9.3% nationally.

The main industries in the AA include state and local government, hospitals, full-service restaurants and other eating establishments, business support services, and farms. The top

five employers in the MSA include: St. Luke's Health System, Wal-Mart Stores, Micron Technologies, J.R. Simplot Company, and Hewlett-Packard. Ada County is a regional center of government, industry, and education. It is over twice the size of neighboring Canyon County, the next populous county. Canyon County is dependent on agriculture and low on the number of professional, business services, and health care jobs, which typically pay higher wages. In Boise County, the mining industry surged as exploratory gold mining continued with sustained high gold prices. Boise County attractions include a ski resort and a river that attracts rafters and kayakers to its world class whitewater rapids. In Gem County, the strongest components of the local economy have been education and health care. Agriculture is Owyhee County's main employer. Agriculture employment was up due to dairy expansion, offsetting declines in construction and manufacturing. Other industries in the county include trade, transportation, utilities, and Federal and State government agencies.

There are numerous community-based organizations in the assessment area. The primary purpose of these organizations included affordable housing and creation and retention of small businesses.

Through our community contact program, we had an opportunity to meet with representatives from several community-based organizations operating in the assessment area. These representatives indicated the following significant identified community needs: preservation of existing affordable housing stock, affordable homeownership programs for LMI families, foreclosure prevention and mitigation assistance, elder and special needs housing, and funding for youth programs.

### Housing

Within the Boise City-Nampa AA, 61.7% of the housing units are owner occupied and 24.2% are renter occupied. 17.8% of all owner occupied units and 37.5% of renter occupied units were located in LMI CTs. Additionally, 20.7% of all single family (1-4 unit) homes and 40.4% multifamily (5+ unit) housing units were located in LMI CTs. According to the 2000 Census, the median housing value was \$114,991 and median monthly gross rent was \$581. 11.4% of homeowners and 9.9% of renters had home related costs that exceeded 30.0% of their income. Data from the National Association of Realtors shows that in 2009 the median housing price in the Boise City-Nampa MSA was \$153,800. In 2008, the median sales price was \$188,700.

According to the industry's largest mortgage database, CoreLogic's Loan Performance Servicing database, the August 2010 foreclosure rate in the State of Idaho was 3.4%, approximately 15.0% below the national foreclosure rate of 4.0%. This database is comprised of approximately 42 million active first-lien mortgage loans totaling \$7.1 trillion, representing about 85.0% of all mortgage loans in the US. Foreclosure rates are calculated using the outstanding loan balances for active first-lien mortgage loans. From January 2009 to August 2010 for the State of Idaho, the foreclosure rate more than doubled from 1.6% to 3.4%. This increase slightly outpaced the national average increase during the same time period of 42.5%, from 2.3% to 4.0%.



**Idaho Non-MSA AA**

Demographic Information for Full-Scope Area: Idaho Non-MSA areas						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	56	0.00	12.50	71.43	16.07	0.00
Population by Geography	259,949	0.00	9.73	71.88	18.39	0.00
Owner-Occupied Housing by Geography	62,992	0.00	6.50	73.32	20.18	0.00
Business by Geography	29,019	0.00	9.42	64.66	25.92	0.00
Farms by Geography	2,614	0.00	4.13	81.37	14.50	0.00
Family Distribution by Income Level	64,739	16.86	18.46	23.11	41.57	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	22,864	0.00	12.05	75.46	12.49	0.00
Median Family Income		39,166	Median Housing Value			123,447
HUD Adjusted Median Family Income for 2010		50,900	Unemployment Rate			2.93%
Households Below Poverty Level		14%	(2000 US Census)			

\* The NA category consists of geographies that have not been assigned an income classification. Source: 2000 US Census and 2010 HUD updated MFI

This AA consists of Latah County in Northern Idaho, Madison County in Eastern Idaho, Bear Lake County in the southeast corner of the state, Washington and Payette Counties (contiguous counties) in Western Idaho, and Bingham, Blaine, Cassia, Gooding, and Twin Falls (contiguous counties) in Southern Idaho. As of June 30, 2009, the Bank had \$436 thousand in deposits in this AA, representing 44.6% of total deposits in the State of Idaho. There are 21 FDIC insured financial institutions in the AA with over 100 offices. ZFNB's main competitors in these areas are Wells Fargo Bank, NA, US Bank, NA, and D.L. Evans Bank. ZFNB operates 13 branches and 13 deposit-taking ATMs in this AA. There were no low-income CTs in this AA.

Based on the 2000 Census, the population of the Idaho non-MSA AA was 259,949. From 2000 to 2009, the AA has seen minimal population growth. The 2010 adjusted median family income for the AA was \$50,900. 16.9% of the families in the AA were low-income, earning a median annual income of \$25,450 or less. 18.5% of the families were moderate-income, earning an annual income of \$40,720 or less. Approximately 14.0% of all households in the AA had incomes below the poverty level, and 3.2% received public assistance.

*Employment and Economic Factors*

According to the Bureau of Labor Statistics, the 2000 unemployment rate for the Idaho non-MSA AA was 2.9%. For the State of Idaho and nationwide in 2000, this rate was 4.6% and 4.0%, respectively. These ratios rose significantly in 2009 to 6.2% for the AA, 7.7% for the state, and 9.3% nationally.

The Idaho Non-MSA AA is primarily rural with most of the population residing in small towns. In Latah County, major industries include education, state and local government, health services, and tourism. The University of Idaho is located in this county and employs nearly one-third of the workforce. The University provides economic stability and insulates the county from national economic cycles. In Washington and Payette Counties, the major industries

include manufacturing, trade, agriculture, services, and government. In Bear Lake County, agriculture, tourism, services, and government are the main industries. The economy is tourism based and pays some of the lowest wages in the state. State and local government employ approximately one-third of the workforce and pay higher wages than most other industries. The major industries in Madison County are professional and business services, trade/transportation/utilities, education, health services, and state and local government. The county has maintained one of the lowest unemployment rates in the state since 1998. For 2009, the unemployment rate was 5.4%. Of the county's major employers, three are call center based businesses. In the Bingham, Blaine, Cassia, Gooding, and Twin Falls Counties, state and local government, leisure/hospitality, construction, manufacturing, trade/transportation/utilities, agriculture, professional and business services, education, and health services are the main industries. Bingham County is heavily dependent on agriculture. Additionally, high technology metal fabricator Premier Technology and First American Title Company both have their headquarters in the county. An Indian casino and state hospital are other large non-farm employers. Blaine County is a tourist destination of both domestic and international travelers. The Sun Valley Ski Resort and several other recreational locations are major employers in the area. Cassia County is historically dependent on agriculture. However, there has been an influx of manufacturing companies over the past few years. The area also offers an abundance of natural resources and recreational opportunities. Gooding County is the state's dairy leader. The rapid growth in dairy farms has slowed due to increases in concerns over environmental issues. The Twin Falls County economy remains heavily tied to agriculture. But it has somewhat diversified with the addition of Dell customer service jobs and manufacturing jobs with Jayco RV. Twin Falls County posted a strong gain in retail and service jobs as big box retailers converged on the entrance to the city and its main artery. In addition, new hotels and a new high school opened.

There are some community based organizations in the assessment area. The primary purpose of these organizations is focused on providing various services to LMI individuals.

Through our community contact program, we had an opportunity to meet with representatives from community-based organizations operating in the assessment area. These representatives indicated the following significant identified community needs: affordable housing funding for LMI families, funding for start-up and small businesses and farms, and financial education including foreclosure prevention education for LMI families.

### Housing

Within the Idaho Non-MSA AA, 54.3% of the housing units are owner occupied and 23.8% are renter occupied. 6.5% of all owner occupied units and 14.3% of renter occupied units were located in moderate-income CTs. As mentioned earlier, the AA does not have any low-income CTs. Additionally, 7.9% of all single family (1-4 unit) homes and 14.7% multifamily (5+ unit) housing units were located in moderate-income tracts. According to the 2000 Census, the median housing value was \$123,447 and median monthly gross rent was \$471. 8.8% of homeowners and 8.8% of renters had home related costs that exceeded 30.0% of their income.

According to the industry's largest mortgage database, CoreLogic's Loan Performance Servicing database, the August 2010 foreclosure rate in the State of Idaho was 3.4%, approximately 15.0% below the national foreclosure rate of 4.0%. This database is comprised

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of approximately 42 million active first-lien mortgage loans totaling \$7.1 trillion, representing about 85.0% of all mortgage loans in the US. Foreclosure rates are calculated using the outstanding loan balances for active first-lien mortgage loans. From January 2009 to August 2010 for the State of Idaho, the foreclosure rate more than doubled from 1.6% to 3.4%. This increase slightly outpaced the national average increase during the same time period of 42.5%, from 2.3% to 4.0%.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the

bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the

table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

Table 1. Lending Volume

LENDING VOLUME		Geography: UTAH						Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Salt Lake City MSA	36.60	3,182	755,839	12,367	1,037,309	74	5,358	41	66,608 0	15,664	1,798,5068 65,114	74.41
<b>Limited Review:</b>												
Logan MSA	6.20	1,055	176,783	1,533	115,021	58	4,429	2	3,275	2,6468	296,23399, 508	2.50
Ogden-Clearfield MSA	12.22	1,389	312,009	3,796	338,275	30	3,991	10	18,206	5,215	654,27572, 481	4.25
Provo-Orem MSA	13.61	1,405	266,757	4,278	371,757	125	10,849	12	24,811	5,80820	649,36374, 174	6.50
St George MSA	6.57	1,013	193,187	1,768	137,892	23	2,039	1	1,894	2,8045	333,1185,0 12	3.73
Utah Non-MSA area	24.81	3,546	534,679	5,879	445,907	1,166	92,115	11	19,521	10,591602	1,072,7019 2,222	8.62

\* Loan Data as of December 31, 2009. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from October 02, 2006 to September 13, 2010.

\*\*\* Deposit Data as of June 30, 2009. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: UTAH						Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009							
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
<b>Full Review:</b>															
Salt Lake City MSA	1,072	24.45	0.20	0.56	16.53	13.62	52.75	49.25	30.52	36.57	1.05	0.81	0.90	0.86	1.58
<b>Limited Review:</b>															
Logan MSA	450	10.26	0.31	0.00	20.62	23.78	42.42	42.89	36.65	33.33	5.68	0.00	5.49	6.03	5.47
Ogden-Clearfield MSA	602	13.73	0.84	1.16	13.51	8.97	59.46	56.98	26.19	32.89	0.98	0.00	0.59	0.82	2.02
Provo-Orem MSA	548	12.50	1.40	2.55	10.97	22.99	54.53	45.07	33.10	29.38	1.33	1.76	5.14	0.79	1.33
St George MSA	399	9.10	0.00	0.00	9.35	10.28	71.27	74.19	19.38	15.54	3.14	0.00	4.00	3.29	2.11
Utah Non-MSA area	1,313	29.95	2.15	0.00	6.23	6.70	79.09	82.56	12.52	10.74	6.37	0.00	4.40	6.75	5.22

\* Based on 2008 Peer Mortgage Data (Western)

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

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

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



Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: UTAH						Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009						
Assessment Area:	Total Home Improvement 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
<b>Full Review:</b>															
Salt Lake City MSA	326	26.92	0.20	0.31	16.53	12.88	52.75	52.45	30.52	34.36	2.18	0.00	2.95	1.82	2.59
<b>Limited Review:</b>															
Logan MSA	58	4.79	0.31	0.00	20.62	17.24	42.42	37.93	36.65	44.83	5.23	0.00	3.70	5.08	6.06
Ogden-Clearfield MSA	79	6.52	0.84	1.27	13.51	12.66	59.46	60.76	26.19	25.32	1.19	9.09	0.80	1.19	1.06
Provo-Orem MSA	130	10.73	1.40	1.54	10.97	4.62	54.53	65.38	33.10	28.46	2.21	12.50	3.64	2.38	1.50
St George MSA	120	9.91	0.00	0.00	9.35	6.67	71.27	79.17	19.38	14.17	14.37	0.00	14.29	16.54	6.06
Utah Non-MSA area	498	41.12	2.15	0.00	6.23	6.02	79.09	87.35	12.52	6.63	14.18	0.00	12.90	16.26	3.66

\* Based on 2008 Peer Mortgage Data (Western)

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

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: UTAH				Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009					Market Share (%) by Geography*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****						
<b>Full Review:</b>																
Salt Lake City MSA	1,766	29.71	0.20	0.06	16.53	9.85	52.75	50.40	30.52	39.69	0.75	0.00	0.53	0.68	1.00	
<b>Limited Review:</b>																
Logan MSA	545	9.17	0.31	0.18	20.62	16.15	42.42	40.55	36.65	43.12	3.76	0.00	3.72	3.75	3.78	
Ogden-Clearfield MSA	703	11.83	0.84	0.57	13.51	6.26	59.46	50.92	26.19	42.25	0.83	0.71	0.62	0.69	1.34	
Provo-Orem MSA	718	12.08	1.40	1.53	10.97	4.74	54.53	57.24	33.10	36.49	0.74	0.00	0.40	0.73	0.84	
St George MSA	493	8.29	0.00	0.00	9.35	4.87	71.27	73.83	19.38	21.30	2.79	0.00	2.18	2.97	2.42	
Utah Non-MSA area	1,719	28.92	2.15	0.00	6.23	4.13	79.09	82.72	12.52	13.15	4.05	0.00	2.06	4.42	3.02	

\* Based on 2008 Peer Mortgage Data (Western)

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

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: UTAH				Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009					Market Share (%) by Geography				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Salt Lake City MSA	18	35.29	3.14	0.00	49.56	66.67	36.55	33.33	10.76	0.00	3.79	0.00	6.56	1.96	0.00	
<b>Limited Review:</b>																
Logan MSA	2	3.92	25.11	0.00	67.14	100.00	5.77	0.00	1.98	0.00	20.00	0.00	25.00	0.00	0.00	
Ogden-Clearfield MSA	5	9.80	10.09	0.00	37.76	80.00	43.01	20.00	9.14	0.00	2.86	0.00	0.00	5.26	0.00	
Provo-Orem MSA	9	17.65	37.41	33.33	29.69	33.33	28.80	33.33	4.10	0.00	5.56	0.00	5.00	15.38	0.00	
St George MSA	1	1.96	0.00	0.00	17.60	0.00	80.02	100.00	2.38	0.00	0.00	0.00	0.00	0.00	0.00	
Utah Non-MSA area	16	31.37	0.66	0.00	10.06	6.25	82.24	93.75	7.04	0.00	36.36	0.00	0.00	57.14	0.00	

\* Based on 2008 Peer Mortgage Data (Western)

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

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: UTAH				Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Salt Lake City MSA	12,367	41.75	6.99	11.03	20.49	23.57	40.88	35.19	31.64	30.21	13.25	21.88	15.58	12.36	12.58					
<b>Limited Review:</b>																				
Logan MSA	1,533	5.18	1.25	0.46	35.49	37.12	35.17	35.75	28.09	26.68	17.93	12.00	21.13	17.79	17.21					
Ogden-Clearfield MSA	3,796	12.82	4.91	8.38	16.02	15.99	52.92	48.66	26.14	26.98	10.70	17.52	12.01	10.41	10.50					
Provo-Orem MSA	4,278	14.44	3.22	1.73	12.17	12.90	50.20	54.79	34.39	30.58	11.48	8.46	12.71	12.92	10.36					
St George MSA	1,768	5.97	0.00	0.00	10.56	14.37	72.71	69.74	16.72	15.89	13.62	0.00	20.32	13.74	13.23					
Utah Non-MSA area	5,879	19.85	0.39	0.09	8.66	6.28	79.82	82.57	11.13	11.07	21.62	12.50	23.52	24.14	24.61					

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS												Geography: UTAH				Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Salt Lake City MSA	74	5.01	3.58	0.00	15.32	6.76	47.38	86.49	33.71	6.76	14.29	0.00	16.67	24.14	2.78					
<b>Limited Review:</b>																				
Logan MSA	58	3.93	0.52	0.00	13.09	3.45	58.90	70.69	27.49	25.86	22.41	0.00	0.00	27.03	21.43					
Ogden-Clearfield MSA	30	2.03	2.03	3.33	11.68	0.00	62.13	86.67	24.16	10.00	21.95	0.00	0.00	32.00	11.11					
Provo-Orem MSA	125	8.47	0.93	0.00	7.21	2.40	61.28	73.60	30.59	24.00	41.00	0.00	0.00	44.93	33.33					
St George MSA	23	1.56	0.00	0.00	7.65	4.35	71.24	73.91	21.11	21.74	19.05	0.00	0.00	18.52	27.27					
Utah Non-MSA area	1,166	79.00	0.06	0.00	5.37	5.92	82.40	83.36	12.17	10.72	40.16	0.00	35.94	44.22	50.00					

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: UTAH						Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009						
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Salt Lake City MSA	1,072	24.45	16.76	7.07	19.97	16.11	24.84	20.04	38.44	56.78	1.10	0.82	0.64	0.63	1.86
<b>Limited Review:</b>															
Logan MSA	450	10.26	17.17	5.15	20.15	21.25	23.47	30.65	39.21	42.95	6.24	4.21	5.15	5.03	8.43
Ogden-Clearfield MSA	602	13.73	15.92	6.15	20.34	19.51	25.67	24.78	38.07	49.56	1.06	1.14	0.57	0.75	1.87
Provo-Orem MSA	548	12.50	17.85	2.64	19.45	15.66	24.56	21.13	38.14	60.57	1.48	0.37	0.72	0.69	2.69
St George MSA	399	9.10	16.37	1.27	19.57	9.41	25.69	20.87	38.37	68.45	3.52	5.56	3.13	2.88	3.82
Utah Non-MSA area	1,313	29.95	18.02	1.39	19.18	11.39	24.48	22.94	38.33	64.28	7.22	7.14	5.12	5.52	8.77

\* Based on 2008 Peer Mortgage Data (Western)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 2.9% of loans originated and purchased by bank. Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: UTAH						Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Salt Lake City MSA	326	26.92	16.76	13.25	19.97	16.23	24.84	24.17	38.44	46.36	2.20	2.22	1.85	2.28	2.31
<b>Limited Review:</b>															
Logan MSA	58	4.79	17.17	8.62	20.15	20.69	23.47	27.59	39.21	43.10	5.67	0.00	4.00	9.52	4.11
Ogden-Clearfield MSA	79	6.52	15.92	5.56	20.34	18.06	25.67	30.56	38.07	45.83	1.16	0.00	0.45	1.23	1.61
Provo-Orem MSA	130	10.73	17.85	5.60	19.45	13.60	24.56	28.80	38.14	52.00	2.28	3.45	3.36	1.14	2.61
St George MSA	120	9.91	16.37	10.17	19.57	17.80	25.69	29.66	38.37	42.37	15.48	28.57	22.22	22.00	8.75
Utah Non-MSA area	498	41.12	18.02	8.55	19.18	16.29	24.48	27.29	38.33	47.86	14.52	13.04	18.06	15.07	13.53

\* Based on 2008 Peer Mortgage Data (Western)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.7% of loans originated and purchased by bank. Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: UTAH				Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009					Market Share				
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****						
<b>Full Review:</b>																
Salt Lake City MSA	1,766	29.71	16.76	6.68	19.97	16.48	24.84	25.61	38.44	51.22	0.78	0.98	0.61	0.56	1.02	
<b>Limited Review:</b>																
Logan MSA	545	9.17	17.17	4.48	20.15	12.31	23.47	25.56	39.21	57.65	4.37	9.38	3.52	2.97	5.31	
Ogden-Clearfield MSA	703	11.83	15.92	3.96	20.34	12.38	25.67	22.94	38.07	60.73	0.85	0.52	0.67	0.69	1.16	
Provo-Orem MSA	718	12.08	17.85	3.59	19.45	16.17	24.56	26.80	38.14	53.44	0.85	1.76	0.67	0.80	0.89	
St George MSA	493	8.29	16.37	4.26	19.57	15.96	25.69	28.94	38.37	50.85	3.05	3.61	3.96	2.92	2.90	
Utah Non-MSA area	1,719	28.92	18.02	3.73	19.18	11.87	24.48	24.28	38.33	60.12	4.62	8.33	3.76	3.63	5.14	

\* Based on 2008 Peer Mortgage Data (Western)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 8.3% of loans originated and purchased by bank. Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)



Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: UTAH		Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Salt Lake City MSA	12,367	41.75	75.66	32.87	85.45	6.61	7.93	13.25	9.40
<b>Limited Review:</b>									
Logan MSA	1,533	5.18	77.98	44.81	87.21	6.78	6.00	17.93	24.12
Ogden-Clearfield MSA	3,796	12.82	78.61	37.64	82.77	8.88	8.35	10.70	10.97
Provo-Orem MSA	4,278	14.44	78.90	41.54	82.94	8.39	8.67	11.48	9.75
St George MSA	1,768	5.97	76.48	43.61	85.18	7.64	7.18	13.62	10.48
Utah Non-MSA area	5,879	19.85	72.54	49.18	83.35	10.21	6.45	21.62	19.34

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2009).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 38.3% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: UTAH		Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Salt Lake City MSA	74	5.01	96.26	94.59	79.73	14.86	5.41	14.29	15.12
<b>Limited Review:</b>									
Logan MSA	58	3.93	97.64	93.10	70.69	25.86	3.45	22.41	25.53
Ogden-Clearfield MSA	30	2.03	96.75	83.33	46.67	40.00	13.33	21.95	22.22
Provo-Orem MSA	125	8.47	96.60	88.80	73.60	18.40	8.00	41.00	48.65
St George MSA	23	1.56	97.36	91.30	73.91	21.74	4.35	19.05	23.53
Utah Non-MSA area	1,166	79.00	97.22	93.40	77.96	16.04	6.00	40.16	41.13

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2009).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 2.4% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: UTAH				Evaluation Period: OCTOBER 2, 2006 TO SEPTEMBER 13, 2010			
Assessment Area:	Prior Period Investments <sup>*</sup>		Current Period Investments		Total Investments			Unfunded Commitments <sup>**</sup>	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Salt Lake City MSA	8	19,548	97	3,210	105	22,758	13.57	0	0
<b>Limited Review:</b>									
Logan MSA	0	0	2	30	2	30	0.02	0	0
Ogden-Clearfield MSA	2	2,351	18	1,462	20	3,813	2.28	0	0
Provo-Orem MSA	2	16,846	13	79	15	16,925	10.09	0	0
St George MSA	0	0	9	473	9	473	0.28	0	0
Utah Non-MSA area	1	3,500	19	43,311	20	46,811	27.92	0	0
Utah Statewide	0	0	11	76,855	11	76,855	45.84	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: UTAH																	
Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Salt Lake City MSA	74.41	40	30.08	5.00	25.00	37.50	32.50	7	14	0	-1	-4	-2	0.79	22.59	49.65	26.97
<b>Limited Review:</b>																	
Logan MSA	2.50	6	4.51	16.67	33.33	33.33	16.67	1	1	0	-1	0	1	4.30	32.60	35.15	27.95
Ogden-Clearfield MSA	4.25	15	11.28	6.67	13.33	60.00	20.00	5	3	0	0	2	0	2.29	16.87	55.98	24.85
Provo-Orem MSA	6.50	11	8.27	9.09	9.09	81.82	0.00	2	4	0	0	-2	0	8.86	14.60	48.47	27.91
St George MSA	3.73	8	6.02	0.00	12.50	75.00	12.50	0	1	0	0	-1	0	0.00	10.35	72.42	17.23
Utah Non-MSA area	8.62	26	19.55	0.00	3.85	84.61	11.54	0	0	0	0	0	0	2.46	7.40	78.25	11.89

Table 1. Lending Volume

LENDING VOLUME		Geography: IDAHO						Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009				
Assessment Area:	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Boise City-Nampa MSA	23.52	360	61,210	1,692	208,839	167	18,045	3	6,959	2,21922	288,09495,053	21.65
Idaho Non-MSA area	40.31	1,124	165,086	2,111	166,765	569	53,227	5	14,294	3,8049	385,07899,372	44.57
<b>Limited Review:</b>												
Idaho Falls MSA	24.21	636	116,071	1,348	139,904	300	26,517	2	2,676	2,284	282,4925,168	19.53
Lewiston MSA	4.05	184	22,222	182	14,962	16	1,608	0	0	382	38,792	6.09
Pocatello MSA	7.92	244	31,175	441	45,033	62	8,390	0	0	747	84,598	8.16

<sup>\*</sup> Loan Data as of December 31, 2009. Rated area refers to either state or multi-state MA rating area.

<sup>\*\*</sup> The evaluation period for Community Development Loans is from October 02, 2006 to September 13, 2010.

<sup>\*\*\*</sup> Deposit Data as of June 30, 2009. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: IDAHO				Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009					Market Share (%) by Geography				
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****						
<b>Full Review:</b>																
Boise City-Nampa MSA	126	11.80	0.81	1.59	16.94	15.87	48.94	52.38	33.31	30.16	0.26	2.08	0.20	0.30	0.22	
Idaho Non-MSA area	427	39.98	0.00	0.00	6.50	3.28	73.32	76.11	20.18	20.61	3.06	0.00	0.65	3.61	2.28	
<b>Limited Review:</b>																
Idaho Falls MSA	336	31.46	0.00	0.00	10.92	1.19	67.32	69.94	21.76	28.87	2.66	0.00	0.41	2.91	2.90	
Lewiston MSA	64	5.99	0.00	0.00	8.13	17.19	42.83	43.75	49.04	39.06	1.37	0.00	5.00	0.92	0.98	
Pocatello MSA	115	10.77	0.00	0.00	18.36	16.52	52.28	40.87	29.37	42.61	1.36	0.00	0.27	1.45	1.98	

\* Based on 2008 Peer Mortgage Data (Western)

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

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: IDAHO						Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009						
Assessment Area:	Total Home Improvement 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
<b>Full Review:</b>															
Boise City-Nampa MSA	46	17.42	0.81	0.00	16.94	45.65	48.94	30.43	33.31	23.91	0.45	0.00	0.70	0.34	0.53
Idaho Non-MSA area	131	49.62	0.00	0.00	6.50	3.05	73.32	87.79	20.18	9.16	4.39	0.00	0.00	5.14	1.64
<b>Limited Review:</b>															
Idaho Falls MSA	26	9.85	0.00	0.00	10.92	3.85	67.32	80.77	21.76	15.38	0.99	0.00	0.00	1.40	0.00
Lewiston MSA	33	12.50	0.00	0.00	8.13	6.06	42.83	33.33	49.04	60.61	6.00	0.00	0.00	5.00	7.69
Pocatello MSA	28	10.61	0.00	0.00	18.36	10.71	52.28	53.57	29.37	35.71	3.93	0.00	0.00	3.80	5.41

\* Based on 2008 Peer Mortgage Data (Western)

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

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: IDAHO				Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009					Market Share (%) by Geography*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****						
<b>Full Review:</b>																
Boise City-Nampa MSA	188	15.58	0.81	0.00	16.94	20.74	48.94	41.49	33.31	37.77	0.15	0.00	0.15	0.15	0.14	
Idaho Non-MSA area	560	46.40	0.00	0.00	6.50	2.32	73.32	81.07	20.18	16.61	1.66	0.00	1.06	1.90	1.01	
<b>Limited Review:</b>																
Idaho Falls MSA	273	22.62	0.00	0.00	10.92	2.56	67.32	78.39	21.76	19.05	1.36	0.00	0.00	1.53	1.27	
Lewiston MSA	87	7.21	0.00	0.00	8.13	11.49	42.83	20.69	49.04	67.82	2.94	0.00	4.29	1.56	3.52	
Pocatello MSA	99	8.20	0.00	0.00	18.36	13.13	52.28	39.39	29.37	47.47	0.79	0.00	1.37	0.59	0.79	

\* Based on 2008 Peer Mortgage Data (Western)

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

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

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



Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: IDAHO					Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009					Market Share (%) by Geography*				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****						
<b>Full Review:</b>																
Boise City-Nampa MSA	0	0.00	1.79	0.00	38.62	0.00	32.77	0.00	26.82	0.00	0.00	0.00	0.00	0.00	0.00	
Idaho Non-MSA area	6	66.67	0.00	0.00	14.65	33.33	55.05	66.67	30.30	0.00	10.71	0.00	20.00	10.00	0.00	
<b>Limited Review:</b>																
Idaho Falls MSA	1	11.11	0.00	0.00	36.24	100.00	53.48	0.00	10.29	0.00	0.00	0.00	0.00	0.00	0.00	
Lewiston MSA	0	0.00	0.00	0.00	35.15	0.00	31.56	0.00	33.28	0.00	0.00	0.00	0.00	0.00	0.00	
Pocatello MSA	2	22.22	0.00	0.00	48.34	50.00	43.72	50.00	7.95	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2008 Peer Mortgage Data (Western)

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

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: IDAHO								Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009					
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Boise City-Nampa MSA	1,692	29.30	0.88	1.95	23.52	34.63	41.94	35.52	33.67	27.90	3.12	7.95	5.53	2.77	2.38
Idaho Non-MSA area	2,111	36.56	0.00	0.00	9.42	6.35	64.66	81.10	25.92	12.55	8.33	0.00	8.39	10.32	6.34
<b>Limited Review:</b>															
Idaho Falls MSA	1,348	23.35	0.00	0.00	18.76	10.46	59.03	67.36	22.21	22.18	9.25	0.00	6.51	10.41	10.23
Lewiston MSA	182	3.15	0.00	0.00	28.65	43.96	36.40	17.03	34.95	39.01	7.84	0.00	9.72	5.12	8.97
Pocatello MSA	441	7.64	0.00	0.00	31.96	37.41	46.29	39.68	21.75	22.90	7.18	0.00	9.17	6.85	6.82

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: IDAHO						Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009						
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Boise City-Nampa MSA	167	14.99	0.41	0.00	20.96	47.31	57.74	50.90	20.89	1.80	13.90	0.00	16.67	15.82	0.00
Idaho Non-MSA area	569	51.08	0.00	0.00	4.13	1.05	81.37	89.10	14.50	9.84	12.61	0.00	16.00	12.55	14.62
<b>Limited Review:</b>															
Idaho Falls MSA	300	26.93	0.00	0.00	4.41	0.00	79.90	93.00	15.69	7.00	22.14	0.00	0.00	21.51	31.58
Lewiston MSA	16	1.44	0.00	0.00	16.99	25.00	55.34	50.00	27.67	25.00	6.35	0.00	0.00	9.38	5.88
Pocatello MSA	62	5.57	0.00	0.00	8.60	1.61	73.71	91.94	17.69	6.45	15.97	0.00	100.00	17.39	7.14

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: IDAHO					Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009					Market Share				
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****						
<b>Full Review:</b>																
Boise City-Nampa MSA	126	11.80	17.91	2.50	19.17	9.17	23.63	35.00	39.29	53.33	0.27	0.00	0.17	0.11	0.47	
Idaho Non-MSA area	427	39.98	16.86	1.65	18.46	11.35	23.11	25.06	41.57	61.94	3.39	0.91	2.16	3.52	3.95	
<b>Limited Review:</b>																
Idaho Falls MSA	336	31.46	18.07	2.38	18.91	16.07	23.84	27.08	39.18	54.46	2.98	0.68	1.43	2.51	4.75	
Lewiston MSA	64	5.99	17.21	11.11	19.54	17.46	20.62	23.81	42.63	47.62	1.46	0.00	3.31	1.11	0.92	
Pocatello MSA	115	10.77	19.76	8.04	18.53	26.79	22.10	26.79	39.62	38.39	1.60	2.24	0.60	2.10	1.66	

\* Based on 2008 Peer Mortgage Data (Western)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.3% of loans originated and purchased by bank. Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: IDAHO						Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Boise City-Nampa MSA	46	17.42	17.91	13.04	19.17	23.91	23.63	21.74	39.29	41.30	0.48	0.00	1.03	0.00	0.73
Idaho Non-MSA area	131	49.62	16.86	5.43	18.46	17.05	23.11	23.26	41.57	54.26	4.34	2.78	8.33	5.98	2.35
<b>Limited Review:</b>															
Idaho Falls MSA	26	9.85	18.07	0.00	18.91	26.92	23.84	34.62	39.18	38.46	1.02	0.00	0.00	2.70	0.50
Lewiston MSA	33	12.50	17.21	6.25	19.54	12.50	20.62	21.88	42.63	59.38	6.06	16.67	13.33	3.85	3.85
Pocatello MSA	28	10.61	19.76	0.00	18.53	7.14	22.10	39.29	39.62	53.57	3.98	0.00	8.70	0.00	5.95

\* Based on 2008 Peer Mortgage Data (Western)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.1% of loans originated and purchased by bank. Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: IDAHO				Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009					Market Share				
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****						
<b>Full Review:</b>																
Boise City-Nampa MSA	188	15.58	17.91	6.10	19.17	14.02	23.63	21.95	39.29	57.93	0.16	0.10	0.11	0.15	0.19	
Idaho Non-MSA area	560	46.40	16.86	3.30	18.46	11.56	23.11	21.10	41.57	64.04	1.81	1.32	1.00	2.05	1.96	
<b>Limited Review:</b>																
Idaho Falls MSA	273	22.62	18.07	4.62	18.91	15.77	23.84	22.69	39.18	56.92	1.51	1.14	1.18	1.56	1.69	
Lewiston MSA	87	7.21	17.21	9.20	19.54	10.34	20.62	19.54	42.63	60.92	3.32	5.41	2.40	3.20	3.53	
Pocatello MSA	99	8.20	19.76	3.06	18.53	17.35	22.10	29.59	39.62	50.00	0.89	0.00	0.94	1.06	0.86	

\* Based on 2008 Peer Mortgage Data (Western)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 4.4% of loans originated and purchased by bank. Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: IDAHO		Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses ***	% BANK Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Boise City-Nampa MSA	1,692	29.30	78.66	50.71	76.54	10.46	13.00	3.12	3.23
Idaho Non-MSA area	2,111	36.56	75.75	54.19	82.66	10.71	6.63	8.33	8.13
<b>Limited Review:</b>									
Idaho Falls MSA	1,348	23.35	77.38	49.41	73.29	16.25	10.46	9.25	10.50
Lewiston MSA	182	3.15	76.31	53.30	82.42	9.89	7.69	7.84	7.04
Pocatello MSA	441	7.64	73.94	55.56	72.79	16.10	11.11	7.18	11.23

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2009).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 24.0% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: IDAHO			Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Boise City-Nampa MSA	167	14.99	96.53	88.02	67.07	16.17	16.77	13.90	15.58
Idaho Non-MSA area	569	51.08	95.49	89.63	72.06	19.51	8.44	12.61	13.86
<b>Limited Review:</b>									
Idaho Falls MSA	300	26.93	95.10	89.00	72.67	20.33	7.00	22.14	21.28
Lewiston MSA	16	1.44	98.06	100.00	68.75	18.75	12.50	6.35	7.55
Pocatello MSA	62	5.57	96.07	88.71	51.61	35.48	12.90	15.97	16.67

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2009).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.6% of small loans to farms originated and purchased by the bank.



Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: IDAHO				Evaluation Period: OCTOBER 2, 2006 TO SEPTEMBER 13, 2010				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)	
<b>Full Review:</b>										
Boise City-Nampa MSA	8	3,941	20	5,908	28	9,849	19.53	0	0	
Idaho Non-MSA area	2	3,474	8	1,695	10	5,169	10.25	0	0	
<b>Limited Review:</b>										
Idaho Falls MSA	1	2,000	0	0	1	2,000	3.96	0	0	
Lewiston MSA	0	0	1	20	1	20	0.04	0	0	
Pocatello MSA	0	0	6	12	6	12	0.02	0	0	
Idaho Statewide with Potential to Benefit AAs	1	1,500	4	31,268	5	32,768	64.96	0	0	
Idaho Statewide without Potential to Benefit AAs	1	625	0	0	1	625	1.24	0	0	

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	Geography: IDAHO				Evaluation Period: JANUARY 1, 2006 TO DECEMBER 31, 2009			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population										
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography										
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp							
<b>Full Review:</b>																								
Boise City-Nampa MSA	21.65	7	5.26	0.00	57.14	14.29	28.57	1	0	0	0	0	1	1.56	20.97	47.20	30.27							
Idaho Non-MSA area	44.57	13	9.77	0.00	7.69	69.23	23.08	1	2	0	0	-1	0	0.00	9.73	71.88	18.39							
<b>Limited Review:</b>																								
Idaho Falls MSA	19.53	3	2.26	0.00	33.33	66.67	0.00	0	0	0	0	0	0	0.00	13.54	66.55	19.91							
Lewiston MSA	6.09	2	1.50	0.00	50.00	50.00	0.00	0	0	0	0	0	0	0.00	11.97	42.32	45.71							
Pocatello MSA	8.16	2	1.50	0.00	50.00	50.00	0.00	0	0	0	0	0	0	0.00	21.77	51.13	27.10							

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: BROADER REGIONAL AREA				Evaluation Period: OCTOBER 2, 2006 TO SEPTEMBER 13, 2010			
Assessment Area:	Prior Period Investments <sup>*</sup>		Current Period Investments		Total Investments			Unfunded Commitments <sup>**</sup>	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Broader Regional Area with Potential to Benefit AAs	0	0	21	5,583	21	5,583	100.00	0	0

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

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