



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Encore Bank, National Association
Charter Number: 23234

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

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Overall CRA Rating

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

The following table indicates the performance level of **Encore Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	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:

- Overall lending activity in Encore’s Texas assessment area (Houston AA) is good.
- Encore is a leader in originating community development loans in the Houston AA.
- Encore’s geographic distribution of small loans to businesses and distribution of loans to businesses of different sizes is adequate in the Houston AA.
- Although Encore’s geographic and borrower distributions of home mortgage loans are poor in the Houston AA, the bank meets affordable housing needs through community development loans and investments.
- At the state level, Encore has a good record of lending inside its assessment areas by dollar amount for the State of Texas.
- Encore made/retained a relatively high level of investments in the Houston AA.
- Encore’s delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the Houston AA.
- The bank’s performance in Florida did not carry significant weight in the overall rating. The Florida assessment areas represented approximately 15 percent of deposits and less than 5 percent of CRA lending activity. The bank exited the Florida market completely at the end of 2010.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

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

Community Development: Affordable housing (including multifamily rental housing) for low and moderate-income individuals; community services targeted to low- and 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- and 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 and moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, 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, and 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 MA/assessment area.

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

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

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

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

Encore Bank, National Association (Encore) is a subsidiary of Encore Bancshares, Inc. Encore Bancshares, Inc. is a financial holding company headquartered in Houston, Texas and offers a full range of business and personal banking products, wealth management and insurance services through Encore Bank, N.A. and its affiliated companies. Its target client base includes professional firms, privately-owned businesses, investors and affluent individuals. Its affiliated companies are Linscomb and Williams, Inc. and Town and Country Insurance Agency, Inc. These affiliates are used for insurance, investment management and financial planning opportunities. The company's common stock is publicly traded on the NASDAQ Global Market. Encore is now an intrastate bank which operates 12 branches in the Houston-Sugarland-Baytown, Texas metropolitan statistical area (Houston AA). Encore sold its remaining branches in Florida effective December 31, 2010. The branches that had been located in Southwest Florida served the following metropolitan statistical areas (MSA): Tampa-St Petersburg-Clearwater MSA (Tampa AA), Cape Coral-Fort Myers MSA (Fort Myers AA), and Naples-Marco Island MSA (Naples AA).

Encore has Tier one capital of \$132 million and reported total assets of \$1.5 billion as of December 31, 2011. Net loans and leases represent \$1 billion of total assets or approximately 65 percent. The loan portfolio consists of 54 percent 1-4 family residential real estate loans; 37 percent other real estate loans and commercial and industrial loans; 5 percent construction loans; 3 percent consumer loans and 1 percent other loans and leases. The bank's primary strategy is to offer personalized service through personal bankers and relationship managers.

There are no significant financial or legal barriers limiting Encore's ability to help meet the identified credit needs of its AAs.

The last performance evaluation was February 17, 2009, and the rating was Satisfactory.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. In evaluating the bank's lending performance, we reviewed their residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA), small loans to businesses and farms, and community development (CD) loans. With the exception of community development loans, the evaluation period for the Lending Test is January 1, 2009 through December 31, 2011. For community development loans and the Investment and Service Tests, the evaluation period is February 18, 2009 through February 13, 2012. The Investment Test includes a review of investments, grants, and donations made in the bank's AAs that meet the definition of community development investments. The Service Test includes a review of retail and community development services provided in the bank's AAs.

Conclusions regarding the Lending Test are based on the bank's results for three entire years (i.e. 2009, 2010, and 2011). This information is evaluated using the 2000 Census demographics for home loans and Dun and Bradstreet demographics for businesses. Appendix D contains tables reflecting the bank's overall performance.

Data Integrity

Prior to this CRA examination, we verified the accuracy of data available to the public in accordance with the HMDA and CRA regulation. This public data included home mortgage purchase, refinance, home improvement, and multifamily loans; and small loans to businesses and farms. We found errors on census tracts and revenue codes for small loans to businesses for 2009, 2010 and 2011 CRA data. The data was reviewed and corrected by the bank prior to this examination, however, since market share data had already been computed prior to the bank correcting the data, we were unable to consider market share data in assessing the bank's small business and small farm lending.

Selection of Areas for Full-Scope Review

In each state and multistate metropolitan area where the bank has an office, a sample of assessment areas (AAs) within that state/multistate metropolitan area was selected for full-scope reviews. Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section (as applicable) for details regarding how the areas were selected.

Ratings

The bank's overall rating is a blend of the state ratings. The state ratings are based primarily on those areas that received full-scope reviews. The State of Texas receives the greatest weight in our determination of the overall rating. The bank exited the Florida market at the end of 2010. As of the date the bank exited the Florida market, Texas had a majority of the bank's branches and a substantial majority of both total deposits and CRA reportable loans.

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

Fair Lending or Other Illegal Credit Practices Review

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

State Rating

State of Texas

CRA rating for the State of Texas¹:	Satisfactory
The lending test is rated:	High Satisfactory
The investment test is rated:	High Satisfactory
The service test is rated:	Low Satisfactory

The major factors that support this rating:

- Overall lending activity in the Texas assessment area (Houston AA) is good.
- Encore is a leader in originating community development loans in the Houston AA.
- Encore's geographic distribution of small loans to businesses and distribution of loans to businesses of different sizes is adequate in the Houston AA.
- Although Encore's geographic and borrower distributions of home mortgage loans are poor, the bank meets affordable housing needs through community development loans and investments.
- The geographic distribution of multifamily loans is excellent.
- At the state level, Encore has a good record of lending inside its assessment areas by dollar amount for the State of Texas.
- Encore made/retained a relatively high level of investments in the Houston AA.
- Encore's delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the Houston AA.

Description of Institution's Operations in State of Texas

Encore operates entirely in one Metropolitan Statistical Area in the State of Texas. This is the Houston-Sugarland-Baytown MSA (Houston AA). Encore maintains 12 branches in the Houston AA. None of the branches are located in either low and moderate-income census tract (CT).

Encore offers a full line of consumer and business products and services. Encore's operations focus on building relationships through professional firms, privately-owned business, investors

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

and affluent individuals. The Trust division, which includes Encore Trust, and other affiliated companies primarily focuses on financial planning and wealth management. Refer to the State of Texas retail services section of the performance evaluation for more detail on products and services offered by Encore.

Based on Federal Deposit Insurance Corporation (FDIC) Deposit Market Share data as of June 30, 2011, Encore is ranked 15th out of 117 institutions with less than 1 percent market share in the AA. The top five competitors in the Houston AA are J.P. Morgan Chase, Wells Fargo, Bank of America, Compass Bank and Amegy Bank. These institutions hold 68 percent of the deposit market share. These statistics indicate a very robust market for financial products and services in the state of Texas with a significant presence of larger institutions.

The Houston AA contributes approximately 85 percent to the bank's total deposits. In addition, of CRA loans originated in the bank's assessment areas, approximately 97 percent by number and 95 percent by dollar volume were originated in the Houston AA. Loan distributions are primarily centered in home mortgages which total 69 percent of all loan originations in the Houston AA. Small loans to businesses account for the remainder of the loan distribution.

Refer to the market profile for the Houston AA in Appendix C for detailed demographics and other performance context information

Scope of Evaluation in Texas

Encore has only one assessment area in the State of Texas. This is the Houston AA which includes the entire Houston-Sugarland-Baytown Metropolitan Statistical Area. A full scope review was performed of this area. Refer to demographic table in Appendix C for more information on the Houston AA.

Five recent contacts the OCC made with community organizations were reviewed. These contacts communicated the following needs in the community: low cost accounts, financial and homebuyer education and small business lending.

LENDING TEST – STATE OF TEXAS

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Houston AA is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Houston AA is good. Community development lending in the Houston AA was excellent. Community development lending in the Houston AA had a positive impact on the final rating.

The Houston market is highly competitive for both mortgage and small business lending. The economic downturn negatively impacted the housing market during the evaluation period with slowing home sales in much of the market until recently. These factors were considered in our evaluation of the bank's performance.

Lending Activity

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

Encore's lending activity in the Houston AA is good. Home mortgage lending represented the majority of the bank's CRA lending activity. Home mortgage loans constituted 69 percent by number and 51 percent by dollar of total CRA reportable loans. Within home mortgage lending, home purchase loans represented 60 percent of the loans reported. Refinance home loans represented 33 percent of the loans reported and home improvement loans represented 7 percent of the loans reported. The bank's market share of home purchase loans in the Houston AA was 0.39, which was somewhat lower than the bank's deposit market share of 0.68 in the AA. Small business loans constituted 31 percent by number and 40 percent by dollar of total CRA reportable loans. Encore originated a significant volume of community development loans in the AA.

The volume of mortgage lending decreased during the evaluation period when compared to the last evaluation. This is primarily attributed to the slowing mortgage market and economic conditions impacting demand for the bank's second mortgage purchase money product. The volume of small business lending has increased 42 percent by number and 56 percent by dollar volume compared to the last evaluation. The dollar volume of community development loans increase by 80 percent since the last evaluation.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the Texas 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 in the Houston AA.

The bank's geographic distribution of home mortgage loans is poor.

In reviewing the geographic distribution of loans in the Houston AA, it is important to note the following demographic characteristics. Low-income tracts have 2.87 percent of the owner occupied units in the AA. 16.91 percent of households in these tracts live below the poverty level. Moderate-income tracts have 23.19 percent of the owner occupied units in the AA. 45.02 percent of the households in these tracts live below the poverty level. More weight was given to performance in home purchase loans since they represent a majority of the bank's home mortgage loan originations.

Home Purchase

The geographic distribution of home purchase loans is poor. The percentage of home purchase loans in low-income geographies is lower than the percent of owner-occupied housing units. The percentage of home purchase loans in moderate-income geographies is significantly lower than the percentage of owner-occupied housing units. The bank's market share for low-income tracts is somewhat lower than its overall market share. The bank's market share for moderate-income tracts is somewhat lower than its overall market share.

Home Improvement

The geographic distribution of home improvement loans is poor. The bank did not make any home improvement loans in low-income tracts. The percentage of home improvement loans in moderate-income geographies is significantly lower than the percentage of owner-occupied housing units. The bank does not have a notable market share in low-or-moderate-income geographies. Home Improvement loans represent only 7 percent of the total HMDA reportable loans in the Houston AA. Home improvement lending is not a significant product for the bank and was given minimal weight in our evaluation.

Home Refinancing

The geographic distribution of home refinance loans is poor. The percentage of home refinance loans in low-and moderate-income geographies is lower than the percentage of owner-occupied housing units. The bank's market share in low-income geographies is somewhat lower than its overall market share. The bank's market share in moderate-income geographies exceeds its overall market share in these tracts.

Multifamily

The geographic distribution of multifamily loans is excellent. Encore originated 10 multifamily loans in the Houston AA for the evaluation period. The percentage of multifamily loans in low-income tracts exceeds the number of multifamily units in these tracts. The percentage of multifamily loans in moderate-income tracts is somewhat lower than the percentage of

multifamily units in these tracts. The bank's market share in low-income geographies exceeds its overall market share for multifamily units in these tracts. The bank did not have a notable market share in moderate-income geographies. Multi-family unit loans only represent less than one percent of the overall HMDA reportable loans. However, multi-family units can also receive community development credit if the units provide affordable housing. Fifty percent of the bank's multi-family units were located in a low and moderate income geography. (See the Community Development Lending section for additional information on qualifying multi-family units.)

Small Loans to Businesses

Refer to Table 6 in the Texas 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 in the Houston AA.

Encore's geographic distribution of small loans to businesses is adequate. The percentage of small loans to businesses in low-income geographies is near to the percentage of businesses located in these tracts. The percentage of small loans to businesses in moderate-income geographies is somewhat lower than the percentage of businesses located in these tracts.

Small Loans to Farms

Encore did not make any small loans to farms during the evaluation period.

Lending Gap Analysis

A lending gap analysis was conducted for this evaluation period on the Houston AA. There were no unexplained conspicuous gaps identified in the Houston AA. The bank designated all of the Houston-Sugarland-Baytown MSA as their AA during this review period.

Inside/Outside Ratio

At the state level, Encore has a good record of lending inside its assessment areas by dollar amount for the State of Texas. By dollar amount, the bank loaned 77 percent of the CRA reportable loans inside the Houston AA. The bank loaned 54 percent by number of CRA reportable loans inside the Houston AA. This includes both HMDA and Small Business loans. The home mortgage performance was near to its overall inside/outside ratio with 69 percent by dollar and 46 percent by number in the Houston AA. The Small Business performance exceeded its overall inside/outside ratio with 90 percent by dollar and 92 percent by number in the Houston AA.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

The bank's borrower distribution of home mortgage loans is poor.

In evaluating the borrower distribution of home mortgage loans, we considered the number of households that live below the poverty level and the barriers that this may have on home ownership. The percentage of total households living below poverty level in the entire Houston AA based on the 2000 census data is 12 percent. The median housing value based on the 2011 National Association of Realtors information was approximately \$156 thousand. It would be very difficult for persons living below the poverty level to afford a house in this price range. According to the Comprehensive Housing Market Analysis of the Houston MSA issued by HUD on November 1, 2009, HUD reported that 236,755 of 346,155 low-income households in Harris County have cost burdened households, meaning the households are currently spending over 30 percent of their gross income on housing costs. Not only is affordability a concern, there is also a reduction in home inventory in this price range in the Houston AA. Vacancy rates in the area are at 3.5%. Home sales have slowed due to a combination of stricter lending requirements and the continued local economic downturn. The number of building permits for single family homes has also significantly decreased by more than 30 percent. Houses priced below \$150 thousand represent 26 percent of this housing demand. Home purchase loan performance was given the most weight in our assessment since it represents a majority of the bank's home mortgage lending.

Home Purchase

The borrower distribution is poor for home purchase loans. The bank did not make any home purchase loans to low-income borrowers during the evaluation period. The market share of home purchase loans for moderate-income borrowers is significantly lower than the bank's overall market share.

Home Improvement

The borrower distribution is very poor for home improvement loans. The bank did not make any home improvement loans to low and moderate-income applicants during the evaluation period. Home improvement loans represent a small percentage of the total reported home loans. Home improvement lending is not a significant product for the bank and was given minimal weight in our evaluation.

Home Refinance

The borrower distribution for home refinance loans is poor. The bank did not make any home refinance loans to low-income borrowers during the evaluation period. The percentage of home refinance loans to moderate-income borrowers is significantly lower than the percentage of moderate-income families in the AA. The market share of home refinance loans for moderate-income borrowers is significantly lower than the bank's overall market share.

Small Loans to Businesses

Refer to Table 11 in the Texas 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 in the Houston AA.

Encore's distribution of small loans to businesses with revenues of \$1 million or less is adequate. The percentage of small loans to businesses is somewhat lower than the percentage of businesses with revenues of \$1 million or less in the AA. Approximately 42 percent of the bank's small loans to businesses were originated in amounts of \$100,000 or less indicating responsiveness to small business needs.

Small Loans to Farms

Encore did not make any small loans to farms during the evaluation period.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development (CD) loans, including multi-family loans that also qualify as CD loans. In addition, Appendix D, 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.

During the evaluation period for CD loans beginning with the prior examination dated February 18, 2009 and ending February 13, 2012, Encore was a leader in originating CD loans. Performance in community development lending is excellent and this influenced the bank's overall rating for the lending test. In the Houston AA, Encore originated a total of 18 loans with a dollar volume of \$43.1 million that met the regulatory definition of a CD loan. The following is a sample of the more significant CD loans originated in the Houston AA:

Affordable Housing - \$13.9 million:

Five loans totaling \$13.9 million were made for multi-family affordable housing. This represented fifty percent of the bank's multi-family loans originated during the evaluation period. These five loans are included on Table 5 in Appendix D.

Economic Development - \$6.9 million:

One loan totaling \$471 thousand was made to a multi-state nonprofit community development financial institution ("CDFI") specializing in lending to micro and small business entrepreneurs.

Two loans totaling \$4.8 million to a CRA partnership were finance small businesses located in low-income areas of Texas. The fund intends to bring jobs to low-income areas by investing in companies already located there or by acquiring businesses and moving these to low-income areas to create and/or retain jobs. Both of these loans were renewed once during the evaluation period bringing the total for this entity to \$9.6 million.

One loan totaling \$1.7 million also promoted economic development. This was a loan for a new food distributorship and home office. This transaction will spur economic development through job creation of positions primarily for low and moderate-income wage earners.

Services targeted to Low and Moderate- Income persons - \$17.2 million:

Seven loans totaling \$17.2 million provided services targeted to low-to moderate-income persons. This included services such as financial literacy education, job skill development and job placement. One entity had a mission to protect victims of child abuse. This also included a \$12 million dollar loan with \$10 million allocated to the Houston AA. The primary objective of this entity is to reduce crime in the nation's senior housing facilities and to provide on-going, effective crime prevention programs that promote safe, secure and high quality of life environments for senior housing residents. The organization purchases securities with the loan proceeds and uses the first 1.875 percent of the earnings to fund the programs. These funds help ensure a safe and secure crime free residence to more than 1,800 residents. The impact of this loan is less than the dollar amount of the loan.

Product Innovation and Flexibility

Encore does not offer any innovative products and services. The bank makes itself available to utilize several assistance programs available in the Houston AA, but has not closed any loans during the evaluation period under any of the programs.

Conclusions for Areas Receiving Limited-Scope Reviews

Encore did not have any limited-scope areas in the State of Texas.

INVESTMENT TEST – STATE OF TEXAS

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Texas is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Houston Assessment Area is good.

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

During the evaluation period, Encore made or retained a relatively high level of investments. Qualifying investments were:

- A purchase during the evaluation period of \$1.5 million in Mortgage Backed Securities providing affordable housing for low- and moderate-income borrowers.
- A purchase during the evaluation period of \$2.1 million in a CRA Fund for four projects located in the Houston AA. Three of the projects provide affordable housing and one promotes economic development by financing a small business.

- A \$500 thousand commitment during the evaluation period, of which \$59 thousand had been funded, to a fund that is promoting economic development by financing small businesses.
- A \$1.5 million commitment during the evaluation period, of which \$495 thousand had been funded, to a CRA Fund. This private equity fund is promoting economic development by financing small businesses.
- Prior period investments in Mortgage Backed Securities totaling \$2.9 million which provided affordable housing for low- and moderate-income borrowers.
- A prior period investment in a certificate of deposit in a qualifying community development financial institution of \$75 thousand.

In addition to the investments discussed above, Encore originated a good level of qualifying donations during the evaluation period. In the Houston AA, Encore made 39 donations for a total of \$68 thousand during the evaluation period.

Conclusions for Area Receiving Limited-Scope Reviews

Encore did not have any limited-scope reviews for the State of Texas.

SERVICE TEST – STATE OF TEXAS

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the Houston AA is adequate.

Retail Banking Services

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

Encore's delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the full-scope assessment area. The bank operates 12 full-service branches in the Houston AA, with ten branches in Harris County, one branch in Fort Bend County, and one branch in Montgomery County. Eleven of the twelve Houston AA branches are located in upper-income geographies which is in-line with the bank's target client base. Nine of the twelve branches are located within two miles of low and moderate-income geographies. All of the branches are located on main thoroughfares and are accessible by public transportation.

During the evaluation period the bank opened one branch in the Houston AA. The branch is located in a middle-income geography.

Encore offers a full-range of deposit services and loan products which do not vary in a way that inconveniences the parts of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Several deposit products and services are responsive to the needs of low and moderate-income individuals and small

businesses, as described below. Office hours and services in the full-scope AA are comparable among locations. There are no significant differences in banking hours provided by the branches.

The Houston AA delivery system is supplemented by eleven automated teller machines (ATMs), located at the branches. The ATMs consist of seven full-service and four cash-dispensing-only ATMs. Ten ATMs are available 24 hours a day, seven days a week; the other is located in a branch lobby. ATM use is free for customers. In addition, customers receive full credit for fees incurred when using any other ATM world-wide.

In addition to branches and ATMs, the bank offers free Internet account access for personal banking customers and free Internet bill pay. All branch lobbies provide customers with free Internet access.

Community Development Services

Encore provided an adequate level of community development services in the Houston AA. These services had a neutral impact on the Service Test rating. Throughout the evaluation period, Encore employees contributed 305 service hours to 11 educational seminars targeted to low- and moderate- income individuals covering various financially-related topics including credit counseling, first time home buying, awareness of identity theft, and scams that target the elderly. Several employees also serve on boards of local non-profits and provide technical assistance on financial matters to these organizations.

Conclusions for Areas Receiving Limited-Scope Reviews

Encore did not have any limited-scope reviews for the State of Texas.

State Rating

State of Florida

CRA Rating for Florida²:	Satisfactory
The lending test is rated:	Low Satisfactory
The investment test is rated:	Needs to Improve
The service test is rated:	Low Satisfactory

The major factors that support this rating include:

- Encore’s overall lending activity in the Florida full scope assessment area (Naples AA) is adequate.
- Encore originated an adequate level of CD loans.
- Encore’s distribution of small loans to businesses with revenues of \$1 million or less is good.
- At the state level, Encore has a good record of lending inside its assessment areas by dollar amount for the State of Texas.
- Encore’s geographic distribution of small loans to businesses is poor but only 12.9 percent of small businesses are located in low- and moderate-income geographies so this performance did not have a significant impact on the Lending Test rating.
- Performance under the Lending Test in both limited scope assessment areas was stronger than the performance in the full scope assessment area.
- Encore originated a low level of qualifying investments/donations during the evaluation period.
- Encore’s delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the full-scope assessment area.

Description of Institution’s Operations in Florida

Encore operated in three metropolitan statistical areas (MSA) in West Florida. These MSAs include Tampa-St. Peterburg-Clearwater MSA (Tampa AA), Cape-Coral-Fort Myers MSA (Fort

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution’s performance in that area.

Meyers AA) and Naples-Marco Island (Naples AA). In 2010, the bank made a strategic decision to transition its operations out of the state of Florida, which was finalized December 31, 2010. Prior to the exit, the bank operated six branches; none were located in either a low and moderate-income CT.

Encore is not ranked on market share reports with the FDIC Deposit Market Share data as of June 30, 2010 in the state of Florida. The FDIC ranks the top five institutions: Bank of America N.A., Wells Fargo N.A., Suntrust Bank, Regions Bank, and Branch Banking & Trust Co. These institutions garner approximately 53 percent of the deposit market share.

The Tampa, Fort Myers and Naples AAs contribute approximately 6 percent, 3 percent and 6 percent, respectively to the bank's total deposits. In addition, Encore originated approximately 3 percent of its total CRA reported loans by number and approximately 5 percent in dollar volume in the Florida market. It is noted that loan originations decreased significantly after the bank exited the Florida market, impacting the ability to service the community. Naples AA had 46 percent of the loan originations, while Tampa AA and Fort Myers AA had approximately 33 percent and 20 percent of loan originations, respectively. Approximately 99 percent of these loans were attributed to small businesses. Less than 1 percent of total loans were from home mortgages. Refer to Scope of Evaluation section for the area receiving a full scope review during the evaluation. The Naples AA will be the only full scope review in the state of Florida. Refer to the State of Texas Retail Banking Services section of the performance evaluation for more detail on products and services offered by Encore.

Section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Riegle-Neal) requires a bank to maintain a loan-to-deposit ratio of half the host state loan-to-deposit ratio, based on peer bank information in that state. OCC Bulletin 2007-20 states the loan-to-deposit ratio is 77 percent for the state of Florida. Half of that would be approximately 39 percent. Encore had a loan-to-deposit ratio of 83 percent as of December 31, 2010. Encore is in compliance with the Riegle-Neal Act loan-to-deposit ratio requirements.

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

Scope of Evaluation in Florida

As stated above, Encore has three assessment areas for the State of Florida. The state ratings are based primarily on results of the area that received a full-scope review. The Naples AA received a full scope review during this evaluation period. The Naples AA contains the entire Naples-Marco Island Metropolitan Statistical Area. Refer to demographic table in Appendix C for more information on the Naples AA. Limited scope reviews will be performed for the Tampa AA and Fort Myers AA.

In the Naples AA, only 12.9 percent of businesses are located on low- and moderate-income geographies, so the bank's geographic distribution has less impact.

The bank ceased operations in the Florida markets at the end of 2010 with the sale of its Florida branches and was in process of leaving the Florida markets for over half of the evaluation period.

LENDING TEST – STATE OF FLORIDA

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Naples AA is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Naples AA is adequate. The bank originated an adequate level of community development loans in the Naples AA which had a neutral impact on the final rating.

Lending Activity

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

Encore's lending activity in the Naples AA is Adequate. Encore held only a 0.82 percent deposit market share in the AA. Small business lending represented the majority of the bank's CRA lending activity. Small business loans constituted 96 percent by number and 91 percent by dollar of total CRA reportable loans. Encore only originated 1 home mortgage loan in the Naples AA during the evaluation period. Encore originated an adequate volume of community development loans in the AA.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the Texas 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 in the Naples AA.

Encore only originated one home mortgage loan in the Naples AA during the evaluation period. This loan was made to an upper-income borrower located in a middle-income geography. Any further analysis of this product would be meaningless.

Small Loans to Businesses

Refer to Table 6 in the Texas 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 in the Naples AA. It is important to note that only 1.46 percent of the area businesses are located in low-income tracts.

Encore's geographic distribution of small loans to businesses is poor. Encore did not make any small loans to businesses in low-income tracts. The percentage of small loans to

businesses in moderate-income geographies is significantly lower than the percentage of businesses located in these tracts.

Small Loans to Farms

Encore did not make any small loans to farms during the evaluation period.

Lending Gap Analysis

A lending gap analysis was conducted for this evaluation period on the Naples AA. There were no unexplained conspicuous gaps identified in the Naples AA. The bank designated all of the Naples-Marco Island Florida MSA as their AA during this review period.

Inside/Outside Ratio

At the state level, Encore has a good record of lending inside its assessment areas by dollar amount for the State of Florida. By dollar amount, the bank loaned 92 percent of the CRA reportable loans inside the combined Florida AAs. The bank loaned 84 percent by number of CRA reportable loans inside the combined Florida AAs. This represents Small Business loans only. The home mortgage performance was not analyzed as there was only one originated home mortgage loan during the evaluation period.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

Encore only originated one home mortgage loan in the Naples AA during the evaluation period. This loan was made to an upper-income borrower located in a middle-income geography. Any further analysis of this product would be meaningless.

Small Loans to Businesses

Refer to Table 11 in the Florida 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 in the Naples AA.

Encore's distribution of small loans to businesses with revenues of \$1 million or less is good. The percentage of small loans to businesses is near to the percentage of businesses with revenues of \$1 million or less in the AA.

Small Loans to Farms

Encore did not make any small loans to farms during the evaluation period.

Product Innovation and Flexibility

Encore does not offer any innovative products and services. The bank makes itself available to utilize several assistance programs available in Naples AA but has not closed any loans during the evaluation period under any of the programs.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development (CD) loans, including multi-family loans that also qualify as CD loans. Encore did not make any multi-family loans in the Naples AA during the evaluation period.

During the evaluation period for CD loans beginning with the prior examination dated February 18, 2009 and ending February 13, 2012, Encore originated an adequate level of CD loans. Performance in community development lending is adequate and this had a neutral impact on the bank's overall rating for the lending test. Encore originated one loan that had proceeds allocated to all full and limited scope assessment areas. This was a \$12 million dollar loan with \$153 thousand allocated to the Naples AA. The primary objective of this entity is to reduce crime in the nation's senior housing facilities and to provide on-going, effective crime prevention programs that promote safe, secure and high quality of life environments for senior housing residents. The organization purchases securities with the loan proceeds and uses the first 1.875 percent of the earnings to fund the programs. These funds help ensure a safe and secure crime free residence to more than 1,800 primarily low- and moderate-income residents. The impact of these loans is less than the dollar amount of the loans.

In addition to the loan discussed above, Encore originated two loans totaling \$260 thousand that benefited the broader statewide area including the Naples AA. These loans were to a multi-bank lending consortium providing financing for developers of affordable housing and community revitalization.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Fort Myers AA and Tampa AA is inconsistent with the bank's overall Low Satisfactory rating for the full scope area. In the Myers AA and Tampa AA, the bank's performance is stronger than the bank's overall performance in the Naples AA. Refer to the Tables 1 through 13 in the State of Florida section of Appendix D for the facts and data that support these conclusions.

In the Fort Myers AA, Encore did not make any loans in low-income census tracts. The number of small business loans made in moderate-income census tracts exceeded the percentage of businesses in the AA. The percentage of bank loans made to businesses with revenues less than \$1 million exceeded the percentage of businesses in the area within the same income level. In addition to these performance factors, Encore originated one CD loan totaling \$526 thousand or 1.15 percent of total CD loans. The CD loan level was similar to the full scope area at 0.91 percent.

In the Tampa AA, Encore did not make any loans in low-income census tracts. The number of small business loans made in moderate-income census tracts was somewhat lower than the percentage of businesses in the AA. The percentage of bank loans made to businesses with revenues less than \$1 million exceeded the percentage of businesses in the area within the same income level. In addition to these performance factors, Encore originated two CD loans totaling \$1.3 million or 2.94 percent of total CD loans. The CD loan level was greater than the full scope area at 0.91 percent.

INVESTMENTS – STATE OF FLORIDA

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Florida is rated "Needs To Improve". Based on full-scope reviews, the bank's performance in the Naples AA is poor.

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

Encore originated a low level of qualifying donations during the evaluation period. In the Naples AA, Encore made four donations for a total of \$5 thousand during the evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Tampa and Fort Myers AAs is not inconsistent with the bank's overall "Needs To Improve" performance in Florida. Refer to the Table 14 in the State of Florida section of appendix D for the facts and data that support these conclusions.

SERVICE TEST – STATE OF FLORIDA

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in the State of Florida is rated "Low Satisfactory". During the review period, Encore exited the Florida market in 2010. Based on a full-scope review, the bank's performance in the Naples AA is adequate.

Retail Banking Services

Refer to Table 15 in the State of Florida 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.

Encore's delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the full-scope assessment area. Encore operated two full-service branches in the Naples AA. Both branches were located in upper-income geographies

in line with the bank's target market. Encore had no branches in low and moderate-income census tracts which contained 26.25 percent of the population.

Prior to closing, the two branches in the Naples AA, the hours of operation were Monday-Friday 9:00 a.m. to 5:00 p.m. One branch offered drive-through banking. However, both branches offered full-service automated teller machines (ATMs), which were available 24 hours a day, seven days a week. ATM use was free for customers. In addition, customers received full credit for fees incurred when using any other ATM world-wide.

A variety of deposit and loan products and business services were available at both branch locations. Several deposit products and services were responsive to the needs of low- or moderate-income individuals and small businesses. These were the same products offered in the State of Texas.

Community Development Services

Encore provided a relatively low level of community development services in the Naples AA, and these services had a minimal effect on the Service Test rating. Throughout the evaluation period, Encore employees contributed 16.5 service hours to 3 educational seminars covering financially-related topics including first time home buying and awareness of identity theft and scams targeting the elderly. Attendees of the seminars included low and moderate-income individuals, and individuals residing in low and moderate-income CTs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in the Tampa AA and Fort Meyers AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the Service Test. Refer to Table 15 in Appendix D for 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”).

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/2009 to 12/31/2011) Investment and Service Tests and CD Loans: (02/18/2009 to 02/13/2012)	
Financial Institution	Products Reviewed	
Encore Bank, National Association (Encore)	Home Mortgage Loans, Small Loans to Businesses and Community Development Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Linscomb and Williams Town and Country Insurance	Investments Insurance provider	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information (Counties in AA)
Houston-Sugarland-Baytown Texas MSA (Houston AA)	Full Scope	Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, Waller
Naples-Marco Island Florida MSA (Naples AA)	Full Scope	Collier
Tampa-St. Petersburg-Clearwater Florida MSA (Tampa AA)	Limited Scope	Hernando, Hillsborough, Pasco, Pinellas
Cape Coral-Fort Myers Florida MSA (Fort Myers AA)	Limited Scope	Lee

Appendix C: Market Profiles for Full-Scope Areas

State of Texas Houston AA

Demographic Information for Full-Scope Area: Houston AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	895	7.93	31.40	30.61	28.94	1.12
Population by Geography	4,715,407	6.43	30.28	31.45	31.74	0.11
Owner-Occupied Housing by Geography	1,008,983	2.87	23.19	32.97	40.97	0.00
Businesses by Geography	673,859	3.66	20.66	28.26	46.87	0.55
Farms by Geography	11,461	2.48	18.32	38.18	40.83	0.18
Family Distribution by Income Level	1,191,102	22.61	17.36	18.97	41.06	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	476,081	11.33	43.52	30.68	14.47	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below the Poverty Level	= \$51,431 = \$66,000 = 12%	Median Housing Value Unemployment Rate (2000 US Census)		= 98,599 = 2 %		

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

Source: 2000 U.S. Census, and 2011 HUD updated MFI.

The Houston AA consists of the entire Houston-Sugarland-Baytown MSA comprised of the ten county metropolitan area located in the Gulf Coast region of Southeast Texas. The Houston AA is the sixth largest in the nation. The counties include Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller. The Houston AA population totals nearly 6 million, according to the 2010 U.S. Census estimate, with the top three counties by population being Harris, Fort Bend and Montgomery. These three counties account for approximately 85 percent of the total population. A total of 12 branch offices serve the bank's designated AA.

The AA is comprised of 895 census tracts (CTs), of which approximately 8 percent or 71 CTs are designated as low-income and 281 CTs (31 percent) designated as moderate-income. The number of households with income below the poverty level is 12 percent and 11 percent of the population is retired. The unemployment rate is 7.3 percent, according to the December 31, 2011 U.S. Bureau of Labor Statistics. The 2000 U.S. Census median housing value was \$99,899 and the updated 2011 HUD median family income estimate is \$66 thousand.

Harris County

The largest county in the AA is Harris. The county is comprised of 649 CTs of which 63 CTs (10 percent) are low-income and 223 CTs (35 percent) designated as moderate-income.

Harris is the most populous county in the state of Texas and the third most populous county in the U.S. The population is approximately 4.1 million, according to the 2010 U.S. Census estimate. The largest city is Houston. The unemployment rate is 7.3, according to the U.S. Bureau of Labor Statistics as of December 31, 2011 down from a high of approximately 9 percent in July 2011. The bank operates 10 branches in Harris county.

Houston is the center for economic development in Harris county. The city has a population of approximately of 2.1 million. Economic and industrial bases are largely concentrated in health care, energy, aeronautics, manufacturing, and transportation. Houston is home of the Texas Medical Center, the world's largest concentration of healthcare and research institutions in the U.S. and NASA's Johnson Space Center.

Houston home sales have slowed during the last three years due to a combination of stricter lending requirements and the continued local economic downturn. Vacancy rates have increased as the inventory of unsold homes increased from declining demand and high levels of production. However, the housing activity has improved. According to the Greater Houston Partnership Market Analysis February 2012, the Houston residential real estate market finished 2011 with increases in total sales, single-family sales, dollar volume, average sales prices and median sales prices.

Major employers in Houston include Memorial Hermann Healthcare System, Administaff, The University of Texas MD Anderson Cancer Center, ExxonMobil, Shell, Continental Airlines, and Wal-Mart Stores. Top employers have changed slightly due to job reductions and layoffs in the Houston area. NASA eliminated approximately two thousand space shuttle related jobs. As a result of job reductions, the unemployment rate has fluctuated tremendously over the past three years. Houston continues to lead Texas job growth in 2011. According to the Greater Houston Partnership Market Analysis February 2012, Houston accounts for one in every three jobs created in the state.

Fort Bend County

Fort Bend is the fastest growing county of the ten largest counties in the state of Texas according to the Greater Fort Bend Economic Council. The county is comprised of 58 CTs, 1 CT (2 percent) designated as low-income and 3 CT (5 percent) designated as moderate-income. The population is 585 thousand according to the 2010 U.S. Census estimate. For the past 15 years, the county has been in the top 20 counties for county economic growth. Sugarland, the largest city in the county holds the headquarters for Western Airways and a major manufacturing facility for Nalco Chemical Company. In addition, a large number of international energy, software, engineering, and product firms reside in Sugarland.

Montgomery County

Montgomery county has grown 55 percent in the past 12 years. The population is 456 thousand according to the 2010 U.S. Census estimate. The county is comprised of 47 CTs, of which 1 CT (2 percent) is designated low-income, and 9 CTs (19 percent) designated moderate-income. The Woodlands, an upper-income tract is the most populous city in the county attracting major corporations to the area and several corporate campuses; most notably Chevron Phillips, Anadarko Petroleum Corporation, Baker Hughes, CB&I, US Oncology, Hewitt Associates, Maersk Line, and Safmarine.

Other Counties

The various other counties are located in small to medium sized industrialized cities and rural areas. The remaining geographic distribution of this area is comprised of 141 CTs, 7 CTs (5 percent) designated low-income and 53 CTs (38 percent) designated moderate-income. Approximately 50 percent of the moderate-income and 71 percent of the low-income CTs are located in Galveston county. Galveston county was severely impacted from Hurricane Ike and continues its rebuilding efforts.

Competition for financial services within the bank’s AA is intense. Based on FDIC Deposit Market Share data as of June 30, 2011, 117 financial institutions are operating in 1,538 offices within the AA. Encore Bank is ranked 15th with less than 1 percent market share at 0.68 percent. In contrast, the top five institutions: JP Morgan Chase Bank National Association (N.A.), Wells Fargo Bank N.A., Bank of America, N.A., Compass Bank, and Amegy Bank, N.A. garner 68 percent of the deposit market share.

**State of Florida
Naples AA**

Demographic Information for Full-Scope Area: Naples AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	52	7.69	17.31	44.23	30.77	0.00
Population by Geography	251,377	7.48	18.77	45.24	28.51	0.00
Owner-Occupied Housing by Geography	77,829	2.30	13.08	47.98	36.65	0.00
Businesses by Geography	60,532	1.46	10.63	44.78	43.14	0.00
Farms by Geography	1,406	3.98	19.27	52.42	24.32	0.00
Family Distribution by Income Level	71,823	19.06	19.32	20.65	40.97	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	27,566	11.06	23.57	46.02	19.35	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below the Poverty Level	= \$54,531 = \$71,800 = 8%	Median Housing Value Unemployment Rate				= 191,305 =1.59%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census, and 2011 HUD updated MFI.

The Naples AA consists of the entire Naples-Marco Island MSA. The Naples AA population is approximately 322 thousand, according to the 2010 U.S. Census estimate. The Naples AA is comprised of 52 census tracts (CTs) of which 4 CTs (8 percent) are designated low-income, and 9 CTs (17 percent) are moderate-income. The 2000 US Census median housing value was \$191,305 and the updated 2011 HUD estimated median family income for the Naples AA is \$71,800. This value is the highest in Florida and one of the highest in the nation.

The Naples AA is comprised of only Collier county. Collier county is located at the southern end of Florida's Gulf Coast. The greatest concentration of low- and moderate-income geographies can be found in the southern part of the county, around Immokalee and the Everglades. These areas are rural and have an agricultural base. Encore operated three branches in the AA until December 2010, when the branches were sold as part of a strategic decision to exit the Florida market. Employment volatility continues to increase with an unemployment rate greater than 9 percent, according to the U.S. Bureau of Labor Statistics at December 31, 2011.

The Naples AA housing market and economy is driven by second home buyers. The population consists of local residents and second home buyers. The population generally doubles during the winter months with an influx of part-time residents from the north. The 50 percent of local residents include investor only buyers and new home buyers as a result of the reduced market pricing. Despite the market price reduction, home sales remain strong.

Employment opportunities are focused in county public service, health, service industries, which include jobs in the leisure, and hospitality industries. The top ten major employers include: Collier County Public Schools, NCH Healthcare System, Publix Supermarket, Board of County Commissioners, Wal-Mart, Ritz Carlton Hotels, Collier County Sheriff's Office, Marriott, Fifth Third Bank, Registry Resort, and Barron Collier Partnership.

Banking competition within the AA is strong. Based on FDIC Deposit Market Share data as of June 30, 2010 there were 39 institutions with 151 banking offices of national, regional, and community banks in the Naples AA. The top five institutions include: Fifth Third Bank, Wells Fargo Bank, N.A., Bank of America N.A., Regions Bank, and Iberiabank garners approximately 56 percent of the deposit market share. In contrast, Encore Bank had a market share of less than 1 percent at 0.71 percent.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (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. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by 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, if applicable, 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.

Tables of Performance Data

State of Texas

and

State of Florida

Table 1. Lending Volume

LENDING VOLUME												Geography: Encore – Texas and Florida		Evaluation Period: January 1, 2009 to December 31, 2011 ****	
MA/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)				
Full Review:															
State of Texas															
Houston AA	96.40	1,674	244,066	748	187,616	0	0	18	43,129	2,440	474,811	84.88			
State of Florida ****															
Naples AA	2.05	1	700	50	9,008	0	0	1	153	52	9,861	6.47			
Broader Statewide								2	260	2	260				
Limited Review:															
State of Florida ****															
Fort Myers AA	0.63	0	0	15	4,209			1	526	16	4,735	2.76			
Tampa AA	0.92	0	0	21	7,134			2	1,332	23	8,466	5.89			

* Loan Data as of December 31, 2011. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is February 18, 2009 to February 13, 2012.
 *** Deposit Data as of June 30, 2010. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.
 **** Bank exited Florida markets by December 30, 2010

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: Encore – Texas and Florida						Evaluation Period: January 1, 2009 to December 31, 2011*****							
MA/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	Over all	Low	Mod	Mid	Upp
Full Review:															
State of Texas															
Houston AA	991	99.90	2.87	1.11	23.19	5.15	32.97	15.44	40.97	78.30	0.37	0.23	0.20	0.19	0.50
State of Florida *****															
Naples AA	1	0.10	2.30	0.00	13.08	0.00	47.98	100.00	36.65	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
State of Florida *****															
Fort Myers AA	0	0.00	0.87	0.00	13.24	0.00	63.06	0.00	22.84	0.00	0.00	0.00	0.00	0.00	0.00
Tampa AA	0	0.00	0.77	0.00	21.94	0.00	48.28	0.00	29.01	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2010 Peer Mortgage Data:USPR.

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

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

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

***** Bank exited Florida markets by December 30, 2010

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: Encore – Texas and Florida				Evaluation Period: January 1, 2009 to December 31, 2011*****					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
State of Texas																
Houston AA	115	100.00	2.87	0.00	23.19	0.87	32.97	19.13	40.97	80.00	1.06	0.00	0.00	0.84	1.53	
State of Florida*****																
Naples AA	0	0.00	2.30	0.00	13.08	0.00	47.98	0.00	36.65	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
State of Florida*****																
Fort Myers AA	0	0.00	0.87	0.00	13.24	0.00	63.06	0.00	22.84	0.00	0.00	0.00	0.00	0.00	0.00	
Tampa AA	0	0.00	0.77	0.00	21.94	0.00	48.28	0.00	29.01	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2010 Peer Mortgage Data: USPR.

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

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

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

***** Bank exited Florida markets by December 30, 2010

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: Encore – Texas and Florida				Evaluation Period: January 1, 2009 to December 31, 2011*****					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
State of Texas																
Houston AA	554	100.00	2.87	1.26	23.19	8.12	32.97	15.16	40.97	75.45	0.23	0.12	0.28	0.19	0.24	
State of Florida*****																
Naples AA	0	0.00	2.30	0.00	13.08	0.00	47.98	0.00	36.65	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
State of Florida*****																
Fort Myers AA	0	0.00	0.87	0.00	13.24	0.00	63.06	0.00	22.84	0.00	0.00	0.00	0.00	0.00	0.00	
Tampa AA	0	0.00	0.77	0.00	21.94	0.00	48.28	0.00	29.01	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2010 Peer Mortgage Data: USPR.

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

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

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

***** Bank exited Florida markets by December 30, 2010

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: Encore – Texas and Florida				Evaluation Period: January 1, 2009 to December 31, 2011*****					Market Share (%) by Geography*				
MA/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	Over all	Low	Mod	Mid	Upp	
Full Review:																
State of Texas																
Houston AA	10	100.00	9.84	30.00	35.87	20.00	30.30	50.00	23.99	0.00	2.70	7.69	0.00	5.36	0.00	
State of Florida*****																
Naples AA	0	0.00	2.08	0.00	7.03	0.00	35.11	0.00	55.78	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
State of Florida*****																
Fort Myers AA	0	0.00	1.45	0.00	15.27	0.00	44.37	0.00	38.90	0.00	0.00	0.00	0.00	0.00	0.00	
Tampa AA	0	0.00	4.33	0.00	18.88	0.00	49.17	0.00	27.61	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2010 Peer Mortgage Data: USPR

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

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

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

***** Bank exited Florida markets by December 30, 2010

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: Encore – Texas and Florida				Evaluation Period: January 1, 2009 to December 31, 2011****				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*									
	#	% of Total*	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
Full Review:																				
State of Texas																				
Houston AA	743	89.63	3.66	3.36	20.66	15.75	28.26	17.90	46.87	62.99	0.27	0.29	0.20	0.21	0.34					
State of Florida****																				
Naples AA	50	6.03	1.46	0.00	10.63	2.00	44.78	38.00	43.14	60.00	0.50	0.00	0.25	0.49	0.58					
Limited Review:																				
State of Florida****																				
Fort Myers AA	15	1.81	0.63	0.00	12.13	13.33	60.60	73.33	26.64	13.33	0.06	0.00	0.00	0.11	0.00					
Tampa AA	21	2.53	1.41	0.00	21.26	14.29	42.74	38.10	34.58	47.62	0.02	0.00	0.01	0.01	0.05					

* Based on 2010 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 2011.

**** Bank exited Florida markets by December 30, 2010

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS												Geography: Encore – Texas and Florida				Evaluation Period: January 1, 2009 to December 31, 2011****				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*									
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp					
Full Review:																				
State of Texas																				
Houston AA	0	0.00	2.48	0.00	18.32	0.00	38.18	0.00	40.83	0.00	0.00	0.00	0.00	0.00	0.00					
State of Florida****																				
Naples AA	0	0.00	3.98	0.00	19.27	0.00	52.42	0.00	24.32	0.00	0.00	0.00	0.00	0.00	0.00					
Limited Review:																				
State of Florida****																				
Fort Myers AA	0	0.00	0.55	0.00	10.58	0.00	71.57	0.00	17.29	0.00	0.00	0.00	0.00	0.00	0.00					
Tampa AA	0	0.00	0.59	0.00	23.12	0.00	48.74	0.00	27.55	0.00	0.00	0.00	0.00	0.00	0.00					

* Based on 2010 Peer Small Business Data: US.

** 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 2011.

**** Bank exited Florida markets by December 30, 2010

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: Encore – Texas and Florida						Evaluation Period: January 1, 2009 to December 31, 2011*****							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
State of Texas															
Houston AA	995	99.90	22.61	0.00	17.36	1.31	18.97	3.73	41.06	94.95	0.40	0.00	0.03	0.07	0.79
State of Florida*****															
Naples AA	1	0.10	19.06	0.00	19.32	0.00	20.65	0.00	40.97	100.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
State of Florida*****															
Fort Myers AA	0	0.00	17.16	0.00	19.96	0.00	23.32	0.00	39.56	0.00	0.00	0.00	0.00	0.00	0.00
Tampa AA	0	0.00	18.87	0.00	19.12	0.00	22.01	0.00	40.01	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2010 Peer Mortgage Data: USPR

** 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 0.4% of loans originated and purchased by Bank.

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

***** Bank exited Florida markets by December 30, 2010

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: Encore – Texas and Florida						Evaluation Period: January 1, 2009 to December 31, 2011*****						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
State of Texas															
Houston AA	115	100.00	22.61	0.00	17.36	0.00	18.97	3.54	41.06	96.46	1.10	0.00	0.00	0.44	1.70
State of Florida*****															
Naples AA	0	0.00	19.06	0.00	19.32	0.00	20.65	0.00	40.97	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
State of Florida*****															
Fort Myers AA	0	0.00	17.16	0.00	19.96	0.00	23.32	0.00	39.56	0.00	0.00	0.00	0.00	0.00	0.00
Tampa AA	0	0.00	18.87	0.00	19.12	0.00	22.01	0.00	40.01	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2010 Peer Mortgage Data: USPR

** 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 1.7% of loans originated and purchased by Bank.

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

***** Bank exited Florida markets by December 30, 2010

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: Encore – Texas and Florida				Evaluation Period: January 1, 2009 to December 31, 2011*****					Market Share				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****						
Full Review:																
State of Texas																
Houston AA	554	100.00	22.61	0.00	17.36	1.09	18.97	4.53	41.06	94.38	0.27	0.00	0.04	0.06	0.36	
State of Florida*****																
Naples AA	0	0.00	19.06	0.00	19.32	0.00	20.65	0.00	40.97	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
State of Florida*****																
Fort Myers AA	0	0.00	17.16	0.00	19.96	0.00	23.32	0.00	39.56	0.00	0.00	0.00	0.00	0.00	0.00	
Tampa AA	0	0.00	18.87	0.00	19.12	0.00	22.01	0.00	40.01	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2010 Peer Mortgage Data: USPR

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

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

**** As a percentage of loans with borrower income information available. No information was available for 0.4% of loans originated and purchased by Bank.

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

***** Bank exited Florida markets by December 30, 2010

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: Encore – Texas and Florida			Evaluation Period: January 1, 2009 to December 31, 2011*****	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
State of Texas									
Houston AA	748	89.69	67.35	46.12	42.78	23.80	33.42	0.27	0.45
State of Florida*****									
Naples AA	50	6.00	70.10	64.00	66.00	20.00	14.00	0.50	1.19
Limited Review:									
State of Florida*****									
Fort Myers AA	15	1.80	71.76	80.00	20.00	40.00	40.00	0.06	0.16
Tampa AA	21	2.52	68.28	76.19	38.10	9.52	52.38	0.02	0.05

* Based on 2010 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 – 2011.

**** 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 3.84% of small loans to businesses originated and purchased by the Bank

*****Bank exited Florida markets by December 30, 2010

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: Encore – Texas and Florida			Evaluation Period: January 1, 2009 to December 31, 2011*****				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
State of Texas									
Houston AA	0	0.00	97.29	0.00	0.00	0.00	0.00	0.00	0.00
State of Florida*****									
Naples AA	0	0.00	94.81	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:									
State of Florida*****									
Fort Myers AA	0	0.00	97.59	0.00	0.00	0.00	0.00	0.00	0.00
Tampa AA	0	0.00	97.27	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2010 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 -2011.

**** 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 0.00% of small loans to farms originated and purchased by Bank.

***** Bank exited Florida markets by December 30, 2010

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: Encore – Texas and Florida				Evaluation Period: February 18, 2009 to February 13, 2012			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
State of Texas									
Houston AA	3	2,996	43	4,231	46	7,227	99.79	2	1,446
State of Florida									
Naples AA	0	0	4	5	4	5	0.07	0	0
Limited Review:									
State of Florida									
Fort Myers AA	0	0	5	4	5	4	0.06	0	0
Tampa AA	0	0	5	6	5	6	0.08	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: State of Texas and Florida																	
Evaluation Period: February 18, 2009 to February 13, 2012																	
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
Full Review:																	
State of Texas																	
Houston AA	100	12	100	0.00	0.00	8.33	91.67	1	0	0	0	+1	0	6.43	30.28	31.45	31.74
State of Florida																	
Naples AA	0	0*	0	0.00	0.00	0.00	0.00	0	2	0	0	0	-2	7.48	18.77	45.24	28.51
Limited Review:																	
State of Florida																	
Fort Myers AA	0	0*	0	0.00	0.00	0.00	0.00	0	1	0	0	-1	0	1.95	17.89	61.13	19.03
Tampa AA	0	0*	0	0.00	0.00	0.00	0.00	0	3	0	0	0	-3	2.35	24.27	46.05	27.32

*As of the exam date, there were no Florida operations.