

PUBLIC DISCLOSURE

April 5, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Encore Bank
Nine Greenway Plaza, Suite 1000
Houston, TX 77046
Docket No.: 05128**

**Office of Thrift Supervision
Midwest Region
225 E. John Carpenter Freeway, Suite 500
Irving, TX 75062-2326**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Lending, Investment, Service Test Table

The following table indicates the performance level of Encore Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Encore Bank 4/5/2006		
	PERFORMANCE TESTS ¹		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			

¹ Weight selections used for the evaluation of the institution's CRA performance could result in unrated Performance Test factors.

Community Development Lending

During the review period, Encore Bank maintained and/or extended loans totaling \$3.6 million for community development purposes to a non-profit organization, which provides services to LMI senior citizens. The funds are used to ensure the safety, security and protection of nursing home and HUD senior housing residents relative to 1,826 units through a Senior Crimestoppers Program. These units are located in various housing centers located in all assessment areas serviced by Encore Bank. In Houston, the program supports 1,367 units or \$2.7 million of the credit extended.

The nonprofit organization utilizes the loan proceeds to purchase government or agency securities to collateralize the Encore Bank loan. Encore Bank will receive one-half of the effective yields from the purchased securities over the loan period of five years. The Corporation will use the remaining one-half of the effective yield to operate the crime prevention programs for the benefit of nursing homes and their residents. The crime prevention program includes training programs, providing personal lock boxes for use by the residents of a facility, and a completely anonymous, around the clock tipline call center.

Community Development Lending

During the review period, Encore Bank maintained and/or extended loans totaling \$3.6 million for community development purposes to a non-profit organization, which provides services to LMI senior citizens. The funds are used to ensure the safety, security and protection of nursing home and HUD senior housing residents relative to 1,826 units through a Senior Crimestoppers Program. These units are located in various housing centers located in all assessment areas serviced by Encore Bank. In Tampa, the program supports 120 units.

The nonprofit organization utilizes the loan proceeds to purchase government or agency securities to collateralize the Encore Bank loan. Encore Bank will receive one-half of the effective yields from the purchased securities over the loan period of five years. The Corporation will use the remaining one-half of the effective yield to operate the crime prevention programs for the benefit of nursing homes and their residents. The crime prevention program includes training programs, providing personal lock boxes for use by the residents of a facility, and a completely anonymous, around the clock tipline call center.

Community Development Lending

During the review period, Encore Bank maintained and extended loans totaling \$3.6 million for community development purposes to a non-profit organization, which provides services to LMI senior citizens. The funds are used to ensure the safety, security and protection of nursing home and HUD senior housing residents relative to 1,826 units through a Senior Crimestoppers Program. These units are located in various housing centers located in all assessment areas serviced by Encore Bank. **In Tampa, the program supports 304 units.**

The nonprofit organization utilizes the loan proceeds to purchase government or agency securities to collateralize the Encore Bank loan. Encore Bank will receive one-half of the effective yields from the purchased securities over the loan period of five years. The Corporation will use the remaining one-half of the effective yield to operate the crime prevention programs for the benefit of nursing homes and their residents. The crime prevention program includes training programs, providing personal lock boxes for use by the residents of a facility, and a completely anonymous, around the clock tipline call center.

Community Development Lending

During the review period, Encore Bank maintained and extended loans totaling \$3.6 million for community development purposes to a non-profit organization, which provides services to LMI senior citizens. The funds are used to ensure the safety, security and protection of nursing home and HUD senior housing residents relative to 1,826 units or beds through a Seniors Crimestoppers Program. These units are located in various housing centers located in all four, assessment areas serviced by Encore Bank. **In Naples, the program supports 35 units.**

The nonprofit organization utilizes the loan proceeds to purchase government or agency securities to collateralize the Encore Bank loan. Encore Bank will receive one-half of the effective yields from the purchased securities over the loan period of five years. The Corporation will use the remaining one-half of the effective yield to operate the crime prevention programs for the benefit of nursing homes and their residents. The crime prevention program includes training programs, providing personal lock boxes for use by the residents of a facility, and a completely anonymous, around the clock tipline call center.