

TO SAFEGUARD YOUR BUSINESS TO EXPAND AND GROW BUSINESS TO STREAMLINE OPERATIONS
TO SAVE MORE THAN MONEY SPECIALTY TO SUPPORT YOUR CAUSE TO BE CUTTING EDGE
TO INVEST IN YOUR FUTURE TO EXPLORE THE WORLD TO RELAX IN STYLE WEALTH
TO SAVE TIME TO MAXIMIZE CASH TO STAY AHEAD OF THE CURVE FOR LIFE
FOR YOUR EVERYDAY LIFE PERSONAL TO SAVE FOR YOUR FAMILY'S FUTURE TO BUY YOUR DREAM HOME
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THE ONLY BANK YOU NEED

NB|AZ and the CRA Regulation
Arizona Housing Alliance Member Meeting
November 1, 2012

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Outline

- About NB|AZ/Zions/CRA at Zions
- Definition of Community Development
- How CRA goals are met
- CRA at National Bank of Arizona
- Highlights/CRA Activities at NB|AZ
- Overall Rating Results
- In Conclusion
- Questions



About Zions Bancorporation

- National Bank of Arizona is a full service commercial bank headquartered in Phoenix, AZ. We operate 72 branches throughout the state and are a wholly owned subsidiary of Zions Bancorporation.
- Zions Bancorporation (NASDAQ: ZION) is the bank holding company for Amegy Bank (Texas), California Bank & Trust, Commerce Bank of Oregon, Commerce Bank of Washington, National Bank of Arizona, Nevada State Bank, Vectra Bank (Colorado), and Zions Bank (Utah/Idaho)
- Zions operates nearly 500 banking offices through these eight banks
- National Bank of Arizona's \$4 Billion in assets represents 8% of the total assets of the Bancorp.
- Each bank manages its own CRA activities based on their own market. There is a CRA Director at each bank.
- Of the 8 banks, 3 are regulated by the FDIC, 5 are OCC regulated
- CRA Exams are conducted individually and independent of each other



Definition of Community Development

- In order for a loan, investment or service to qualify under the CRA, it must apply to at least one of the following categories:
 - Affordable Housing (multifamily rental or single family construction loans) for low to moderate income (LMI) people
 - Community Services - services targeted to LMI individuals or businesses/Branch & ATM locations
 - Economic Development – targeted to small businesses or farms that have gross annual revenues of \$1 million or less (loan size = \$1 million or less for businesses, \$500,000 or less for small farms)
 - Revitalize/Stabilize – activities that revitalize or stabilize a low income geography/neighborhood



How are CRA goals met?

- At NB|AZ we meet our goals through –
 - Mortgage loans originated by the Residential Real Estate team (to 1st time home buyers at 80% or less of AMI or on property located in a HUD targeted area)
 - Certain commercial real estate loans (> \$1 million in loan amount)
 - Small business/small commercial/small farm loans
 - Investments made through grants/contributions to non-profit agencies that provide services to LMI people
 - Investments made by Zions Investment Services or Zions Public Finance
 - The provision of financial services provided by our employees to qualified non-profit agencies
 - By the location of our branch and deposit taking ATM's
 - Through any other activity that benefits LMI (i.e. FHLB initiatives)



Latest CRA Exam at National Bank of Arizona

- CRA Exam concluded June 2012
- Covered mortgage and small business loan activity from January 1, 2006 through 12/31/2011
- Covered CD Lending, Investments and Services from 9/1/2006 through 6/11/2012
- The entire state of Arizona is in NB|AZ's assessment area
- MSA's considered full scope are:
 - Phoenix/Scottsdale/Mesa, Tucson, All Non-MSA's Combined, Prescott
- MSA's considered limited scope are:
 - Flagstaff, Yuma, Lake Havasu City/Kingman
- Rating: Lending – High Satisfactory; Investments – Outstanding; Service – High Satisfactory
- Overall Rating - SATISFACTORY

Highlights/CRA Activities at NB | AZ

- Lending
 - Mortgage loan programs that benefit LMI, i.e. Pima and Rural Bond, FHA, CLP, Home in Five
 - Small Business products-SBA, Credit Cards, other in-house products
 - CD Loans in the full scope markets benefit economic development
- Investments
 - Grants funded to CRA qualified non-profit agencies that provide housing, job creation, financial education related products and services to LMI population and in LMI areas
 - QSCB's – investment in schools to improve energy efficiency, computers, etc. (Part of American Recovery Act of 2008)
 - GNMA Pools
 - Investments in CDFI Loan Pools (housing and economic development)
- Services
 - FHLB WISH/IDEA/AHP Program Administration
 - Troubled Debt Restructures
 - IRS VITA Sites in Branches
 - Employee Volunteer Activities well represented in all AA's
 - Branch locations adequately serve LMI (even better after 2010 census)

In Conclusion

- Every product, program, initiative or function within a bank has potential CRA impact
- CRA Directors/Officers are responsible for insuring that the Bank is meeting its requirements under the CRA – not only because it's a regulatory requirement, but because it's the right thing to do!
- When it comes to the Reg – we must educate but also stay educated
 - Keeping the employee base aware of and educated about CRA
 - Keeping up with any changes or enhancements to the Regulation

If there are questions, or anyone wishes further discussion please contact:

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