



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

September 9, 2002

Community Reinvestment Act Performance Evaluation

**Northern Trust Bank Of Texas, N. A.
Charter Number: 18644**

**2020 Ross Avenue
Dallas, TX 75201**

**Office of the Comptroller of the Currency
Assistant Deputy Comptroller for Mid-Size Banks
440 South LaSalle Street, One Financial Place, Suite 2700
Chicago, IL 60605**

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.

Table of Contents

OVERALL CRA RATING	2
DEFINITIONS AND COMMON ABBREVIATIONS	3
DESCRIPTION OF INSTITUTION	6
SCOPE OF THE EVALUATION	7
FAIR LENDING REVIEW	9
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS	10
LENDING TEST	10
INVESTMENT TEST	15
SERVICE TEST	17
APPENDIX A: SCOPE OF EVALUATION	A-1
APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS	B-1
APPENDIX C: TABLES OF PERFORMANCE DATA	C-1

Overall CRA Rating

Institution’s CRA Rating: This institution is rated “**Outstanding.**”

The following table indicates the performance level of **Northern Trust Bank Of Texas, N. A.** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Northern Trust Bank of Texas, N. A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
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:

- Lending activity that reflects excellent responsiveness to the credit needs of the assessment areas (AAs).
- Good geographic distribution of loans, and good distribution of loans among borrowers of different income levels, in the AAs.
- Community development (CD) lending that has a positive impact on the Lending Test rating.
- Flexible lending practices that have a positive impact on the Lending Test rating.
- Excellent level of qualified investments that are responsive to credit and CD needs of the AAs.
- Good accessibility of service delivery systems to geographies and individuals of different income levels in the AAs.
- High level of CD services provided in leadership positions.

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.

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

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

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

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

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

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

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

Geography: A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

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

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

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

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

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

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the 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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

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

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

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

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

Tier 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

Northern Trust Bank of Texas, N. A. (NTBT) is an intrastate bank headquartered in Dallas, Texas with total assets of \$846 million. NTBT is a wholly owned subsidiary of Northern Trust Corporation (NTC), a \$38 billion multi-bank holding company located in Chicago, Illinois with \$1.7 trillion in trust assets and subsidiaries in 12 states and five countries.

NTBT's business strategy focuses primarily on trust and private banking services. The bank's approach is not to compete on the basis of the number or array of banking products, but to compete on the basis of comprehensive relationships and quality of service. The bank's customer base is primarily comprised of trust customers, and banking business is developed through cross selling to and referrals from existing customers. Loan products are tailored to the customer's needs and preferences, and deposit products consist of various interest-bearing and noninterest-bearing accounts for personal and business use.

As of June 30, 2002, the bank has total assets of \$846 million, with \$628 million in total deposits and \$72 million in Tier One capital. Trust assets under administration total \$4.6 billion. The bank's net loans equate to \$764 million, with a net loans-to-assets ratio of 90 percent and a net loans-to-deposits ratio of 122 percent. The loan portfolio is comprised of one-to-four family residential loans (69 percent), consumer loans (8 percent), commercial and industrial loans (8 percent), commercial real estate loans (7 percent), construction and development loans (2 percent), multifamily residential loans (less than 1 percent), and other loans (5 percent).

NTBT delivers trust and banking services through six branch offices, one limited-service trust office, and six automated teller machines (ATMs) within the state of Texas. The bank operates its banking business in two markets, Dallas County and Harris County, which it has delineated as its AAs. The limited-service trust office is located in Travis County, but does not constitute a branch for purposes of the CRA. Within its combined AAs, NTBT's deposit market share is 0.5 percent.

Given its trust and private banking orientation, NTBT's community reinvestment strategy is structured around outreach activities. Through these outreach activities, the bank builds and maintains relationships with local community organizations and leaders to help meet the credit and CD needs of its AAs. Most of the bank's affordable mortgage loan business is generated by referrals from partnerships with these organizations. Other community reinvestment activities, such as CD investments and services, are also manifested from these relationships. While the bank provides commercial loans as an accommodation to its customer base, it does not offer a true small business product. Instead, the bank has chosen to address the need for small business loans primarily through investments in CD organizations that provide such financing. There are no legal, financial, or other impediments that would prevent the bank from meeting the credit needs of its AAs.

NTBT was rated "Satisfactory" at its last CRA evaluation dated June 7, 1999.

Scope of the Evaluation

Evaluation Period/Products Evaluated

With the exception of CD loans, the evaluation period for the Lending Test is January 1, 1999 through December 31, 2001. For CD loans, the Investment Test, and the Service Test, the evaluation period is June 8, 1999 through September 9, 2002.

For the Lending Test, we evaluated NTBT's home purchase loans, small loans to businesses, and CD loans. We did not perform a detailed analysis of home improvement loans, home mortgage refinance loans, multifamily loans, or small loans to farms since those loans do not represent significant products of the bank.

As part of the Investment Test, we considered qualified affiliate investments allocated to NTBT from NTC and NorLease, Inc. NorLease is a leasing subsidiary of The Northern Trust Company, the lead bank of NTC.

Market share data for home mortgage loans and small loans to businesses are based on 2000 aggregate data, the most current data available at the time of this evaluation.

Data Integrity

Prior to this evaluation, we assessed NTBT's processes and internal controls for collecting, reporting, and verifying the accuracy of data on home mortgage loans and small loans to businesses. We found the bank's processes and internal controls to be adequate and its publicly reported data reliable. Therefore, this evaluation is based on accurate data.

We also verified information on the bank's CD loans, qualified investments, and CD services (collectively "CD activities") to ensure the activities met the regulatory criteria. We found the bank-identified CD activities to be substantially correct and reliable.

Selection of Areas for Full-Scope Review

We performed full-scope reviews for both of NTBT's AAs. The Dallas County AA represents 59 percent of the bank's deposits and 49 percent of its rated area loans. The Harris County AA represents 41 percent of the bank's deposits and 51 percent of its rated area loans. Refer to Appendix A and Table 1 in Appendix C for additional information.

Ratings

The bank's overall rating is based on the AAs that received full-scope reviews. When consolidating AA conclusions into overall ratings, we gave equal weighting to NTBT's two AAs.

When determining conclusions for each AA under the Lending Test, we weighted home mortgage loans more heavily than small loans to businesses. This weighting is reflective of NTBT's loan volume for those products over the evaluation period.

Other

In order to ascertain credit and CD needs and opportunities in the full-scope AAs, we reviewed information from various sources. These sources included: community contact interviews made by the OCC and other federal bank regulatory agencies; data on opportunities, organizations, and communities compiled by the OCC's community affairs division; consolidated plans prepared by the respective communities; and CRA performance evaluations of other banks. Refer to the Market Profiles in Appendix B for information on credit and CD needs and opportunities.

Fair Lending Review

We performed an analysis of the most recent home mortgage and small business lending data, public comments, and consumer complaint information, according to the OCC's risk-based fair lending approach. Our review did not identify any fair lending issues or concerns.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Dallas County AA and in the Harris County AA is excellent.

Lending Activity

The bank's lending activity reflects excellent responsiveness to the credit needs of its AAs. The lending activity in the Dallas County AA and in the Harris County AA is excellent. Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity. To provide perspective regarding the relative levels of lending volume in each AA, we also compared the bank's deposit market rank and market share to its market rank and market share for each loan product. Because of the large number of lenders compared to banks in each AA, we based our analysis on the bank's percentile rankings in the loan and deposit markets rather than the actual values of market share and market rank.

Dallas County AA - NTBT's lending activity reflects excellent responsiveness to credit needs in the Dallas County AA. The bank's market share percentile ranking for home purchase loans exceeds, and for small loans to businesses is near to, its percentile ranking for deposit market share. FDIC deposit market share data as of June 30, 2001 show that the bank ranks at the 80th percentile for deposit market share in the Dallas County AA. Based on 2000 aggregate home mortgage loan data for the Dallas County AA, the bank ranks at the 81st percentile for home purchase loans. According to 2000 aggregate small business loan data, the bank ranks at the 77th percentile for small loans to businesses in the Dallas County AA.

Harris County AA - NTBT's lending activity reflects excellent responsiveness to credit needs in the Harris County AA. The bank's market share percentile ranking for home purchase loans and small loans to businesses exceeds its percentile ranking for deposit market share. FDIC deposit market share data as of June 30, 2001 show that the bank ranks at the 65th percentile for deposit market share in the Harris County AA. Based on 2000 aggregate home mortgage loan data for the Harris County AA, the bank ranks at the 81st percentile for home purchase loans. According to 2000 aggregate small business loan data, the bank ranks at the 70th percentile for small loans to businesses in the Harris County AA.

Distribution of Loans by Income Level of the Geography

The bank's distribution of loans is good among geographies of different income levels. The geographic distribution of loans in the Dallas County AA is excellent and in the Harris County AA is good.

Home Mortgage Loans

The bank's geographic distribution of home purchase loans in the Dallas County AA is excellent and in the Harris County AA is good. Refer to Table 2 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home purchase loans.

Dallas County AA – NTBT's geographic distribution of home purchase loans is excellent. The percentage of the bank's home purchase loans in low-income geographies significantly exceeds, and in moderate-income geographies is somewhat below, the percentage of owner-occupied housing units within those geographies. The bank's market share of home purchase loans in low-income geographies and in moderate-income geographies exceeds its overall market share for home purchase loans.

Harris County AA – NTBT's geographic distribution of home purchase loans is good. The percentage of the bank's home purchase loans in low-income geographies is near to, and in moderate-income geographies is somewhat below, the percentage of owner-occupied housing units within those geographies. The bank's market share of home purchase loans in low-income geographies and in moderate-income geographies exceeds its overall market share for home purchase loans.

Small Loans to Businesses

The bank's geographic distribution of small loans to businesses in the Dallas County AA is excellent and in the Harris County AA is adequate. Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

Dallas County AA – NTBT's geographic distribution of small loans to businesses is excellent. The percentage of the bank's small loans to businesses in low-income geographies significantly exceeds, and in moderate-income geographies exceeds, the percentage of businesses within those geographies. The bank's market share of small loans to businesses in low-income geographies and in moderate-income geographies exceeds its overall market share for small loans to businesses.

Harris County AA – NTBT's geographic distribution of small loans to businesses is adequate. The percentage of the bank's small loans to businesses in low-income geographies is below, and in moderate-income geographies is somewhat below, the percentage of businesses within those geographies. The bank's market share of small loans to businesses in low-income geographies and in moderate-income geographies is somewhat below its overall market share for small loans to businesses.

Lending Gap Analysis

Based on maps and reports that overlay the volume of the bank's home mortgage loans and small loans to businesses by geography, no unexplained conspicuous gaps exist in NTBT's geographic distribution of loans in the Dallas County and Harris County AAs.

Inside/Outside Ratio

The bank's distribution of loans inside and outside its AAs is good. A majority, or 77 percent, of NTBT's reported loans are within its AAs. Based on the number of loans, 75 percent of home mortgage loans, 80 percent of small loans to businesses, and 100 percent of CD loans are within the bank's AAs. The bank's lending within its AAs positively impacts the overall analysis of its geographic distribution of loans. This analysis is based on the bank's performance at the bank level rather than the AA level.

Distribution of Loans by Income Level of the Borrower

The bank's distribution of loans is good among borrowers of different income levels. The borrower distribution of loans in the Dallas County AA and in the Harris County AA is good.

Home Mortgage Loans

The bank's distribution of home purchase loans among individuals of different income levels in the Dallas County AA and in the Harris County AA is excellent. Refer to Table 8 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home purchase loans.

Dallas County AA – NTBT's borrower distribution of home purchase loans is excellent. The percentage of the bank's home purchase loans to low-income individuals and to moderate-income individuals exceeds the percentage of families defined as such. The bank's lending to low-income individuals is particularly exceptional given the AA's poverty level (refer to Market Profile in Appendix B). The bank's market share of home purchase loans to low-income individuals exceeds, and to moderate-income individuals equals, its overall market share for home purchase loans.

Harris County AA – NTBT's borrower distribution of home purchase loans is excellent. The percentage of the bank's home purchase loans to low-income individuals is somewhat below, and to moderate-income individuals exceeds, the percentage of families defined as such. The bank's lending to low-income individuals is mitigated by the AA's high poverty level (refer to Market Profile in Appendix B). The bank's market share of home purchase loans to low-income individuals exceeds, and to moderate-income individuals is somewhat below, its overall market share for home purchase loans.

Small Loans to Businesses

The bank's distribution of small loans to businesses of different revenue sizes in the Dallas County AA and in the Harris County AA is adequate. Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small loans to businesses.

Dallas County AA – NTBT's borrower distribution of small loans to businesses is adequate. The percentage of the bank's small loans to small businesses (i.e., businesses with revenues of \$1 million or less) is below the percentage of businesses defined as such. However, revenue information is not available for 33 percent of the bank's small loans to businesses in the AA. When loans with no revenue information are excluded from the total, the percentage

of the bank's small loans to small businesses increases from 28 percent to 42 percent. The bank's market share of small loans to small businesses is below its overall market share for small loans to businesses. However, aggregate small business loan data show that 67 percent of small loans to small businesses in the AA have average loan amounts of \$10 thousand or less, and are made by credit card lenders that capture a majority of the market with small business credit card products. NTBT does not offer a similar product line with which to compete.

Harris County AA – NTBT's borrower distribution of small loans to businesses is adequate. The percentage of the bank's small loans to small businesses is below the percentage of businesses defined as such. However, revenue information is not available for 26 percent of the bank's small loans to businesses in the AA. When loans with no revenue information are excluded from the total, the percentage of the bank's small loans to small businesses increases from 41 percent to 56 percent. The bank's market share of small loans to small businesses is below its overall market share for small loans to businesses. However, aggregate small business loan data show that 52 percent of small loans to small businesses in the AA have average loan amounts of \$10 thousand or less, and are made by credit card lenders that capture a majority of the market with small business credit card products. Again, NTBT does not offer a similar product line with which to compete.

Community Development Lending

The bank's CD lending has a positive impact on the overall Lending Test conclusions. The CD lending has a positive impact on the conclusions for the Dallas County AA and the Harris County AA.

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however. To provide perspective regarding the relative level of CD lending, we allocated a portion of the bank's Tier 1 capital to each AA based on its pro rata share of deposits.

Dallas County AA - NTBT has a relatively high level of CD loans that demonstrate an excellent responsiveness to credit and CD needs in the Dallas County AA. The loans, which represent 8 percent of allocated Tier 1 capital, have a significant impact on the community and address the needs for affordable housing and revitalization of depressed areas. Refer to the Market Profile in Appendix B for additional information on CD needs and opportunities. The following examples highlight NTBT's CD lending in the Dallas County AA:

- The bank originated 18 interim construction loans totaling \$1.3 million to a nonprofit neighborhood development corporation located in Dallas. The organization's primary purpose is to acquire property in the South Dallas area and build affordable housing for low-income residents.
- The bank participated in two loans for \$672 thousand for the purpose of tearing down an old strip mall and rebuilding a new shopping plaza in the South Dallas area. While located in a middle-income geography, the shopping plaza is within a two-mile radius of nine moderate-income geographies. The shopping plaza serves to revitalize the nearby

moderate-income geographies by providing needed shopping services and jobs for area residents. Services include a major supermarket and pharmacy, a bank branch, and two insurance agencies. The shopping plaza is expected to create more than 300 jobs for area residents. It is one of several new CD projects in the South Dallas area and has a significant positive impact on the moderate-income geographies.

- The bank originated a total of \$622 thousand in loans to two local affiliates of a nonprofit housing organization whose purpose is to build decent, affordable housing for low-income families. The local organizations serve the areas of Dallas and Garland, Texas. Eight loans totaling \$600 thousand were for the purpose of interim construction. One loan for \$22 thousand was used for working capital.

Harris County AA - NTBT has a relatively high level of CD loans that demonstrate an excellent responsiveness to credit and CD needs in the Harris County AA. The loans, which represent 12 percent of allocated Tier 1 capital, reflect innovation and address the needs for affordable housing and community services for low- and moderate-income individuals. Refer to the Market Profile in Appendix B for additional information on CD needs and opportunities. The following examples highlight NTBT's CD lending in the Harris County AA:

- The bank provided a \$2 million unsecured loan to a nonprofit human services organization located in Houston that provides social services primarily to low- and moderate-income individuals. The loan proceeds were used for construction of facilities and working capital. This loan demonstrates the bank's innovation, as the organization was unable to obtain financing on unsecured terms from other lenders.
- The bank originated a \$500 thousand working capital line of credit to a local affiliate of a nonprofit housing organization whose purpose is to build decent, affordable housing for low-income families. The local organization serves the Houston area.
- The bank participated in loans to two single-asset holding entities for a total of \$500 thousand. The entities each hold a low-income multifamily apartment complex. The financing provided funds for acquisition and renovation of a 398-unit and a 380-unit apartment complex in Harris County.

Product Innovation and Flexibility

The bank's use of flexible lending practices has a positive impact on the overall Lending Test conclusions. Product flexibility has a positive impact on the conclusions for the Dallas County AA and the Harris County AA.

Dallas County AA - NTBT makes extensive use of flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies in the Dallas County AA. The following is a description of the bank's flexible loan products offered in the AA:

- **Affordable Mortgage Loan Program** - This mortgage loan program is available to persons with incomes less than 80 percent of the AA's median family income or to persons whose primary residence is located in a low- or moderate-income geography. Flexible features of the program include a loan-to-value ratio of up to 97 percent and no private mortgage

insurance. The program provides a fixed rate for 30 years, with no points or application fees. Bank officers also provide counseling on saving for the down payment or will seek alternative sources for down payment and closing cost assistance. During the evaluation period, NTBT originated 86 loans totaling \$5.8 million under this program in the Dallas County AA.

- Banking on Habitat Program - This mortgage loan program supports the mission of Habitat for Humanity to provide safe, decent and affordable housing for low-income families. The loan program facilitates affordable housing for persons with incomes less than 50 percent of the AA's median family income. The bank purchases the 0-percent interest mortgage note, which Habitat obtains from the homeowner for sale of the home. During the evaluation period, NTBT funded 32 loans totaling \$913 thousand under this program in the Dallas County AA.

Harris County AA - NTBT makes extensive use of flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies in the Harris County AA. The following is a description of the bank's flexible loan products offered in the AA:

- Affordable Mortgage Loan Program - During the evaluation period, NTBT originated 66 loans totaling \$4.4 million under this program in the Harris County AA. For a description of this loan program, see Dallas County AA above.
- Banking on Habitat Programs – NTBT funded 16 loans totaling \$226 thousand under this program since its inception in the Harris County AA in 2001. For a description of this loan program, see Dallas County AA above.

INVESTMENT TEST

The bank's performance under the Investment Test is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Dallas County AA and in the Harris County AA is excellent.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments. To provide perspective regarding the relative level of qualified investments, we allocated a portion of the bank's Tier 1 capital to each AA based on its pro rata share of deposits.

Dallas County AA – NTBT has an excellent level of qualified investments that demonstrate an excellent responsiveness to credit and CD needs in the Dallas County AA. The investments consist substantially of equity capital in funds that finance affordable housing or small businesses, and are of the type not routinely available from private investors. The investments, which represent 19 percent of allocated Tier 1 capital, primarily address the needs for affordable housing and economic development. Refer to the Market Profile in Appendix B for additional information on CD needs and opportunities. The following examples highlight NTBT's qualified investments in the Dallas County AA:

- Affordable Housing Tax Credit Funds – NorLease holds equity investments in five affordable housing limited partnerships, portions of which are allocated to NTBT for seven

multi-family properties in Dallas County. The purpose of the limited partnerships is to invest in properties that are eligible for federal low-income housing tax credits. A total of \$5.1 million was funded in the current evaluation period, with a total of \$2.0 million outstanding from the prior evaluation period.

- Southern Dallas Development Fund – NTC made an equity investment of \$150 thousand in Southern Dallas Development Fund. The fund is a for-profit corporation that provides loans to small businesses for purposes of working capital, machinery/equipment, real estate acquisition, and rehabilitation/new construction. Loan guidelines include a requirement of job creation/retention for low- or moderate-income persons or geographies.
- North Texas Opportunity Fund – NTC entered into a legally binding commitment to make an equity investment of \$500 thousand in North Texas Opportunity Fund. The fund provides equity capital and entrepreneurial assistance to small businesses in low- and moderate-income geographies within the North Texas region, with a special emphasis on the southern sector of Dallas. The equity capital financing, in turn, promotes economic development through job creation/retention for low- or moderate-income persons or geographies. A total of \$358 thousand was funded in the current evaluation period, with \$141 thousand remaining in unfunded commitments.
- Grants/Donations - The bank made 38 grants and donations totaling \$139 thousand to various CD organizations that serve the Dallas County AA.

Harris County AA – NTBT has an excellent level of qualified investments that demonstrate an excellent responsiveness to credit and CD needs in the Harris County AA. The investments consist substantially of equity capital in funds that finance affordable housing or small businesses, and are of the type not routinely available from private investors. The investments, which represent 8 percent of allocated Tier 1 capital, primarily address the needs for affordable housing and economic development. Refer to the Market Profile in Appendix B for additional information on CD needs and opportunities. The following examples highlight NTBT's qualified investments in the Harris County AA:

- Houston Economic Opportunity Fund – NTC entered into a legally binding commitment to make an equity investment of \$1 million in the Houston Economic Opportunity Fund II. The fund invests in small business projects in Houston's low- and moderate-income geographies, thereby promoting economic development through job creation/retention for low- or moderate-income persons or geographies. A total of \$904 thousand was funded in the current evaluation period, with \$96 thousand remaining in unfunded commitments.
- Affordable Housing Tax Credit Funds – NorLease entered into a legally binding commitment to make an equity investment in an affordable housing limited partnership, of which \$3.4 million is allocated to NTBT for two multi-family properties in Harris County. The purpose of the limited partnership is to invest in properties that are eligible for federal low-income housing tax credits. A total of \$895 thousand was funded in the current evaluation period, with \$2.5 million remaining in unfunded commitments.
- Unity National Bank – The bank made three deposits totaling \$300 thousand in Unity National Bank, a certified community development financial institution located in Houston.

- The bank made 33 grants and donations totaling \$43 thousand to various CD organizations that serve the Harris County AA.

Out of AA – NTBT’s level of qualified investments located outside of its AAs has a positive impact on the overall Investment Test conclusions. Because the bank addressed the CD needs within its AAs, we also considered its qualified investments located within the broader statewide area. NorLease holds equity investments in four affordable housing limited partnerships that benefit five multi-family properties located within the state of Texas, but outside of the bank’s AAs. The purpose of the limited partnerships is to invest in properties that are eligible for federal low-income housing tax credits. These types of investments are not routinely available from private investors. A total of \$1.9 million was funded in the current evaluation period, with a total of \$2.6 million outstanding from the prior evaluation period.

SERVICE TEST

The bank’s performance under the Service Test is rated “Outstanding.” Based on full-scope reviews, the bank’s performance in the Dallas County AA and in the Harris County AA is excellent.

Retail Banking Services

The bank’s systems for delivering retail banking services are good among geographies and individuals of different income levels. Service delivery systems in the Dallas County AA are excellent and in the Harris County AA are good. Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank’s branch delivery system and branch openings and closings.

Dallas County AA - NTBT’s service delivery systems in the Dallas County AA are excellent. The following is a discussion of the bank’s systems in the AA:

- The bank’s branches are readily accessible to geographies and individuals of different income levels in the Dallas County AA. While the bank has no branches in low- or moderate-income geographies of the AA, the branches are in close proximity (within a two-mile radius) to nine low-income geographies and eight moderate-income geographies and are accessible via foot, public transportation, or automobile.
- During the evaluation period, the bank opened or closed no branches in the Dallas County AA.
- The bank offers various alternative systems for delivering retail banking services in the Dallas County AA. The bank owns and operates three ATMs in the AA. One is a freestanding cash-dispensing machine, which is located in a low-income geography and is in close proximity (within a two-mile radius) to five other low-income geographies and one moderate-income geography. The other two ATMs are located at the branches in middle- and upper-income geographies. The bank also participates in major ATM networks, which allows its customers to use any participating ATM at no charge by the bank. Other alternative delivery systems include free telephone and on-line banking, direct deposit, and

night depository services. We gave positive consideration to the one ATM located in a low-income geography. Because no data were available concerning the effectiveness of the other alternative delivery systems to low- and moderate-income geographies and individuals, we did not place significant weight on those systems in the overall Service Test conclusions.

- The bank's services and business hours are tailored to the convenience and needs of the Dallas County AA, including low- and moderate-income geographies and individuals. The bank offers comparable business hours and the same loan and deposit products at all branches, including flexible mortgage loan programs and low-cost deposit accounts. To supplement its branch-based services and hours, the bank maintains a network of partnerships with local CD organizations through which it provides products and services targeted to low- and moderate-income geographies and individuals in the AA.

Harris County AA - NTBT's service delivery systems in the Harris County AA are good. The following is a discussion of the bank's systems in the AA:

- The bank's branches are accessible to geographies and individuals of different income levels in the Harris County AA. While the bank has no branches in low- or moderate-income geographies of the AA, the branches are in close proximity (within a two-mile radius) to 10 moderate-income geographies and are accessible via foot, public transportation, or automobile.
- The bank's record of opening and closing branches in the Harris County AA has not adversely affected the accessibility of its delivery systems in low- and moderate-income geographies or to low- and moderate-income individuals. During the evaluation period, the bank closed one branch in a middle-income geography of the AA.
- The bank offers various alternative systems for delivering retail banking services in the Harris County AA. The bank owns and operates three ATMs in the AA, which are located at the branches in upper-income geographies. The bank also participates in major ATM networks, which allows its customers to use any participating ATM at no charge by the bank. Other alternative delivery systems include free telephone and on-line banking, direct deposit, and night depository services. Because no data were available concerning the effectiveness of these systems to low- and moderate-income geographies and individuals, we did not place significant weight on alternative delivery systems in the overall Service Test conclusions.
- The bank's services and business hours are tailored to the convenience and needs of the Harris County AA, including low- and moderate-income geographies and individuals. The bank offers comparable business hours and the same loan and deposit products at all branches, including flexible mortgage loan programs and low-cost deposit accounts. To supplement its branch-based services and hours, the bank maintains a network of partnerships with local CD organizations through which it provides products and services targeted to low- and moderate-income geographies and individuals in the AA.

Community Development Services

The bank's provision of CD services is excellent and has a positive impact on the overall Service Test conclusions. The provision of CD services in the Dallas County AA and in the Harris County AA is excellent.

Dallas County AA - NTBT is a leader in providing CD services in the Dallas County AA, based on the high level of services provided in leadership positions and the responsiveness of the services to credit and CD needs. The bank provides direct financial services in the form of low-cost basic checking and savings accounts designed to meet the needs of low- and moderate-income individuals. Bank officers also provide directorship and technical assistance on financial matters to CD organizations. Bank officers provided nearly one thousand hours in directorship and technical assistance to 16 different organizations and participated in 13 homeownership seminars that reached over two thousand low- and moderate-income individuals. The CD services provided by the bank primarily address the identified needs for affordable housing, economic development, and community services (refer to Market Profile in Appendix B). The following examples highlight NTBT's CD services in the Dallas County AA:

- Basic Checking and Savings Accounts - The bank offers low-cost basic checking and savings accounts that are affordable to low- and moderate-income individuals. The checking account features no minimum balance requirement and no monthly maintenance fee for the first eight checks; otherwise, a \$3 monthly maintenance fee applies. The savings account features no maintenance fee with a \$300 average quarterly balance; otherwise, the maintenance fee is \$3 per quarter. The bank promotes the accounts during housing fairs, homebuyer seminars, and financial counseling sessions. Many low- and moderate-income individuals utilize the checking account for direct debit of their mortgage payment and the savings account for down payment savings.
- Dallas Affordable Housing Coalition – The mission of this nonprofit corporation is to provide safe, decent, and affordable housing to the low- and moderate-income population of Dallas. Its programs include housing expense reduction support and rental assistance. A bank officer is a member of the board of directors and serves on the real estate committee.
- Dallas Area Habitat for Humanity – The purpose of this nonprofit housing organization is to build decent, affordable housing for low-income families. A bank officer is a member of the board of directors and serves on the finance committee.
- St. Philip's Neighborhood Development Corporation – The primary purpose of this nonprofit corporation is to acquire property in the South Dallas area and build affordable housing for low-income residents. A senior bank officer is a member of the board and serves on the finance committee.
- Southern Dallas Development Corporation – The mission of this private, nonprofit community development financial institution is to assist in the development and financing of small businesses, create jobs, and stimulate economic growth within the low- and moderate-income South Dallas area. A senior bank officer is a member of the board of directors.

- St. Philip's School and Community Center – The mission of this organization is to provide an excellent school and compatible community services to children, their families, and other residents of the low- and moderate-income South Dallas area. The community center programs include after-school care, a food pantry and Meals-on-Wheels depot, senior transportation and outreach activities, health fairs, and teen self-esteem programs. A bank officer is a member of the board of directors and serves on the finance committee.

Harris County AA - NTBT is a leader in providing CD services in the Harris County AA, based on the high level of services provided in leadership positions and the responsiveness of the services to credit and CD needs. The bank provides direct financial services in the form of low-cost basic checking and savings accounts designed to meet the needs of low- and moderate-income individuals. Bank officers also provide directorship and technical assistance on financial matters to CD organizations. Bank officers provided nearly two thousand hours in directorship and technical assistance to 16 different organizations and participated in seven homeownership seminars that reached over one thousand low- and moderate-income individuals. The CD services provided by the bank primarily address the identified needs for affordable housing and community services (refer to Market Profile in Appendix B). The following examples highlight NTBT's CD services in the Harris County AA:

- Basic Checking and Savings Accounts - The bank offers low-cost basic checking and savings accounts that are affordable to low- and moderate-income individuals. For a description of the accounts, see Dallas County AA above.
- Houston Area Habitat for Humanity – The purpose of this nonprofit housing corporation is to build decent, affordable housing for low-income families. A senior bank officer is a member of the board of directors and serves as treasurer of the board.
- Tejano Center for Community Concerns – The mission of this nonprofit corporation is to improve life opportunities for low-income children and families through education, advocacy issues, social and health services, and community development initiatives in the Houston area. A bank officer is vice-chairman of the board of directors and chairman of the finance committee.
- Private Sector Initiatives – The purpose of this nonprofit organization is to provide free home repair services for low-income elderly and disabled homeowners in the Houston area. Its programs include exterior repairs, roof repairs, and interior repairs. A senior bank officer is a member of the board of directors and serves as a financial advisor. Another bank officer serves as chairman of the finance and housing committees.
- Aspiring Youth Foundation – The mission of this nonprofit organization is to prepare at-risk youth for success in school and in life. Its programs provide after-school mentoring, educational and enrichment activities, and visits to workplaces to emphasize the importance of education. The organization primarily serves youth from low- and moderate-income Houston neighborhoods. A bank officer is chairman of the board of directors and serves on the fundraising committee.

- Housing Opportunities of Houston – The purpose of this nonprofit corporation is to provide homebuyer education, counseling, and assistance services to low- and moderate-income individuals. A bank officer is a member of the board of directors and serves on the finance committee.

Appendix A: Scope of Evaluation

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

Time Period Reviewed	Lending Test (excludes CD Loans): Investment Test, Service Test, and CD Loans:	1/01/99 to 12/31/01 6/08/99 to 9/09/02
Financial Institution	Products Reviewed	
Northern Trust Bank of Texas, N.A. (NTBT) Dallas, Texas	Home Mortgage Loans Small Loans to Businesses Community Development Loans Qualified Investments	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Northern Trust Corporation (NTC) NorLease, Inc.	Holding Company Subsidiary of Affiliate Bank	Qualified Investments Qualified Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Dallas County Harris County	Full-Scope Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

Table of Contents

Market Profiles for Areas Receiving Full-Scope Reviews

Dallas County	B-2
Harris County	B-4

Dallas County

Demographic Information for Full Scope Area: Dallas County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	415	13.49	27.23	31.81	26.02	1.45
Population by Geography	1,852,810	10.00	27.16	38.53	24.28	0.03
Owner-Occupied Housing by Geography	362,764	5.12	21.28	40.11	33.49	0.00
Business by Geography	109,186	6.10	26.50	34.41	30.56	2.43
Farms by Geography	1,628	3.99	20.02	40.97	34.40	0.61
Family Distribution by Income Level	468,413	22.22	18.57	21.94	37.27	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	191,059	17.07	36.64	35.73	10.56	0.00
Median Family Income	= \$38,743					
HUD Adjusted Median Family Income for 2001	= \$64,400					
Households Below Poverty Level	= 11.55%					
				Median Housing Value	= \$91,093	
				Unemployment Rate (1990)	= 3.50%	

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

Source: 1990 US Census and 2001 HUD updated MFI

The Dallas County AA consists of the entire county and is one of eight counties comprising the Dallas metropolitan area. NTBT has three branches and three ATMs located in the city of Dallas. As of June 30, 2001, the bank derived 59 percent of its deposits from this AA. Over the evaluation period, the bank derived 35 percent of its home mortgage loans and 38 percent of its small loans to businesses from this AA.

Based on FDIC deposit market share data as of June 30, 2001, NTBT's deposits in the Dallas County AA total \$288 million. This equates to a 0.8 percent deposit market share and ranks NTBT as the 16th largest deposit taking institution in the AA. The leading deposit taking institution has a 26 percent deposit market share.

The FDIC deposit market share data show that there is intense banking competition in the AA. There are 79 banks in the AA with a total of 491 offices. The largest bank inside the AA has 102 offices with nearly \$10 billion in deposits, and the second largest bank has 50 offices with over \$7 billion in deposits. Together, the top two banks capture 47 percent deposit market share in the AA.

Based on 2000 aggregate data, the competition for home mortgage loans and small loans to businesses is also intense. There are 508 home mortgage lenders and 189 small business lenders in the AA. The top 10 home mortgage lenders, which capture a combined market share of 33 percent, consist of large nationwide and regional banks and mortgage companies. The top two small business lenders, which dominate the AA with a combined market share of 45 percent, are nationwide credit card banks.

During 2001, the unemployment rate for the AA averaged 5.3 percent, compared to the state unemployment rate of 4.9 percent and the national unemployment rate of 4.8 percent. Major industries include services (42 percent), retail trade (20 percent), finance, insurance, and real estate (10 percent), and wholesale trade (8 percent).

Unmet credit and CD needs exist in the AA for affordable housing for low- and moderate-income individuals, economic development (including small business financing), revitalization and stabilization of low- and moderate-income geographies, and community services for low- and moderate-income individuals. A high level of opportunities are available to participate in affordable housing and small business lending programs, and to make loans to, invest in, and provide services to various projects, programs, and organizations that have a CD purpose. However, because of the large number of banks in the AA, competition for CD loans, investments, and services is also high.

Harris County

Demographic Information for Full Scope Area: Harris County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	582	12.54	30.76	29.04	25.26	2.41
Population by Geography	2,818,199	9.07	28.71	32.36	29.86	0.00
Owner-Occupied Housing by Geography	533,891	5.76	22.64	32.26	39.34	0.00
Business by Geography	150,094	6.23	26.76	30.59	36.15	0.27
Farms by Geography	2,376	3.16	19.32	35.02	42.51	0.00
Family Distribution by Income Level	708,831	23.16	16.84	20.14	39.87	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	283,494	15.91	40.97	30.21	12.90	0.00
Median Family Income	= \$36,886					
HUD Adjusted Median Family Income for 2001	= \$58,500					
Households Below Poverty Level	= 13.69%					
				Median Housing Value	= \$75,454	
				Unemployment Rate (1990)	= 3.65%	

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

Source: 1990 US Census and 2001 HUD updated MFI

The Harris County AA consists of the entire county and is one of six counties comprising the Houston metropolitan area. NTBT has three branches and three ATMs located in the city of Houston. As of June 30, 2001, the bank derived 41 percent of its deposits from this AA. Over the evaluation period, the bank derived 40 percent of its home mortgage loans and 42 percent of its small loans to businesses from this AA.

Based on FDIC deposit market share data as of June 30, 2001, NTBT's deposits in the Harris County AA total \$204 million. This equates to a 0.4 percent deposit market share and ranks NTBT as the 28th largest deposit taking institution in the AA. The leading deposit taking institution has a 37 percent deposit market share.

The FDIC deposit market share data show that there is intense banking competition in the AA. There are 81 banks in the AA with a total of 723 offices. The largest bank inside the AA has 54 offices with over \$20 billion in deposits, and the second largest bank has 88 offices with nearly \$6 billion in deposits. Together, the top two banks capture 47 percent deposit market share in the AA.

Based on 2000 aggregate data, the competition for home mortgage loans and small loans to businesses is also intense. There are 540 home mortgage lenders and 168 small business lenders in the AA. The top 10 home mortgage lenders, which capture a combined market share of 38 percent, consist of large nationwide and regional banks and mortgage companies. The top two small business lenders, which dominate the AA with a combined market share of 43 percent, are nationwide credit card banks.

During 2001, the unemployment rate for the AA averaged 4.5 percent, compared to the state unemployment rate of 4.9 percent and the national unemployment rate of 4.8 percent. Major industries include services (41 percent), retail trade (21 percent), finance, insurance, and real estate (9 percent), and wholesale trade (8 percent).

Unmet credit and CD needs exist in the AA for affordable housing for low- and moderate-income individuals, economic development (including small business financing), revitalization and stabilization of low- and moderate-income geographies, and community services for low- and moderate-income individuals. A high level of opportunities are available to participate in affordable housing and small business lending programs, and to make loans to, invest in, and provide services to various projects, programs, and organizations that have a CD purpose. However, because of the large number of banks in the AA, competition for CD loans, investments, and services is also high.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of Evaluation). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

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

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

also presents market share information based on the most recent aggregate market data available.

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

Market share information is presented based on the most recent aggregate market data available.

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

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

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

Table 1. Lending Volume

LENDING VOLUME		Geography: TEXAS						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
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:												
Dallas County	48.51	427	139,888	97	16,849	0	0	31	3,327	555	160,064	58.56
Harris County	51.49	474	184,590	107	16,811	0	0	8	3,590	589	204,991	41.44

* Loan data as of December 31, 2001. 'Rated Area' refers to either the state or multi-state MA rating area.

** The evaluation period for community development loans is from June 8, 1999 to September 9, 2002.

*** Deposit data as of June 30, 2001. 'Rated Area' refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: TEXAS								Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					
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	Overall	Low	Mod	Mid	Upp
Full Review:															
Dallas County	313	45.04	5.12	15.65	21.28	17.57	40.11	17.25	33.49	49.52	0.21	1.20	0.28	0.08	0.24
Harris County	382	54.96	5.76	5.24	22.64	18.32	32.26	15.97	39.34	60.47	0.18	0.47	0.22	0.07	0.23

* Based on 2000 Peer Mortgage Data: Southwest Region.

** 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 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: TEXAS								Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					
MA/Assessment Area	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Dallas County	56	54.90	5.12	3.57	21.28	7.14	40.11	14.29	33.49	75.00	0.30	0.00	0.00	0.24	0.46
Harris County	46	45.10	5.76	0.00	22.64	2.17	32.26	4.35	39.34	93.48	0.18	0.00	0.00	0.00	0.34

* Based on 2000 Peer Mortgage Data: Southwest Region.

** 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 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: TEXAS				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography*				
MA/Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Dallas County	55	54.46	5.12	5.45	21.28	14.55	40.11	18.18	33.49	60.00	0.08	0.00	0.00	0.08	0.12	
Harris County	46	45.54	5.76	0.00	22.64	13.04	32.26	13.04	39.34	73.91	0.05	0.00	0.10	0.02	0.07	

* Based on 2000 Peer Mortgage Data: Southwest Region.

** 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 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: TEXAS								Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					
MA/Assessment Area	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Dallas County	3	100.00	14.66	33.33	32.49	0.00	39.17	0.00	13.68	66.67	0.00	0.00	0.00	0.00	0.00
Harris County	0	0.00	10.14	0.00	34.65	0.00	32.55	0.00	22.66	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2000 Peer Mortgage Data: Southwest Region.

** 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 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: TEXAS						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001							
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	Overall	Low	Mod	Mid	Upp
Full Review:															
Dallas County	97	47.55	6.10	8.25	26.50	29.90	34.41	21.65	30.56	38.14	0.05	0.09	0.06	0.05	0.03
Harris County	107	52.45	6.23	2.80	26.76	14.95	30.59	14.02	36.15	68.22	0.04	0.03	0.02	0.01	0.07

* Based on 2000 Peer Small Business Data: US&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 (2001).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: TEXAS						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001							
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****	Overall	Low	Mod	Mid	Upp
Full Review:															
Dallas County	313	45.04	22.22	25.82	18.57	21.24	21.94	1.96	37.27	50.98	0.25	0.40	0.25	0.01	0.35
Harris County	382	54.96	23.16	14.86	16.84	18.38	20.14	4.05	39.87	62.70	0.21	0.26	0.15	0.03	0.33

* Based on 2000 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 2.73% of loans originated and purchased by BANK.

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

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: TEXAS				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001								
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 ^{****}	Overall	Low	Mod	Mid	Upp
Full Review:															
Dallas County	56	54.90	22.22	1.96	18.57	0.00	21.94	5.88	37.27	92.16	0.23	0.00	0.00	0.00	0.45
Harris County	46	45.10	23.16	2.17	16.84	0.00	20.14	2.17	39.87	95.65	0.18	0.00	0.00	0.00	0.33

^{*} Based on 2000 Peer Mortgage Data: Southwest Region.

^{**} As a percentage of loans with borrower income information available. No information was available for 4.90% of loans originated and purchased by BANK.

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

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: TEXAS					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001								
MA/Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Dallas County	55	54.46	22.22	0.00	18.57	30.19	21.94	3.77	37.27	66.04	0.10	0.00	0.05	0.00	0.22
Harris County	46	45.54	23.16	6.52	16.84	6.52	20.14	4.35	39.87	82.61	0.06	0.14	0.00	0.03	0.10

* Based on 2000 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 1.98% of loans originated and purchased by BANK.

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

**** 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.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: TEXAS			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
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:									
Dallas County	97	47.55	84.44	27.84	58.76	21.65	19.59	0.05	0.02
Harris County	107	52.45	84.78	41.12	60.75	24.30	14.95	0.04	0.04

* Based on 2000 Peer Small Business Data: US&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 - 2001).

**** 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 29.41% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: TEXAS				Evaluation Period: JUNE 8, 1999 TO SEPTEMBER 9, 2002			
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:									
Dallas County	6	2,145	43	5,788	49	7,933	53.89	1	141
Harris County	0	0	40	2,306	40	2,306	15.66	4	2,941
Out of Assessment Area	4	2,597	2	1,886	6	4,483	30.45	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: TEXAS					Evaluation Period: JUNE 8, 1999 TO SEPTEMBER 9, 2002							
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	NA			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp												
Full Review:																														
Dallas County	58.56	3	50	0.00	0.00	33.33	33.33	33.33	0	0	0	0	0	0	10.00	27.16	38.53	24.28												
Harris County	41.44	3	50	0.00	0.00	0.00	100.00	0.00	0	1	0	0	-1	0	9.07	28.71	32.36	29.86												