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Community Reinvestment Act Performance Evaluation

Bank of Texas, National Association
Charter Number: 18307

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NOTE: This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Bank of Texas, National Association** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **April 12, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable 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.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

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 statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

Limited-Scope 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, branch distribution).

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States 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 Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

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

The following table indicates the performance level of Bank of Texas, National Association (BOT) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Bank of Texas, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- < Overall lending volume is good.
- < A substantial majority of BOT’s loans are in designated assessment areas (AAs).
- < Geographic distribution of small business loans is good.
- < A high dollar volume of community development investments have been made during the evaluation period.
- < The distribution of branches is centered in upper-income areas and is therefore considered only fair.
- < There is a good level of community development lending and community development services.

Description of Institution

- < BOT is headquartered in Dallas, Texas.
- < Asset size is \$540 million.
- < BOT operates in two markets. The majority of operations are in Dallas County where BOT has five full service branches, two mobile branches, and a loan production office. BOT also opened one full service branch in Sherman, Texas in July of 1998.
- < BOT is a subsidiary of Bank of Oklahoma Financial Corporation (BOKF). BOKF is a bank holding company which offers full service banking in Oklahoma, Northwest Arkansas, North Texas, and New Mexico. BOKF total assets were \$6.809 billion at December 31, 1998.
- < BOT is the result of a January 1, 1998 merger between the former First National Bank of Park Cities and First Texas Bank. These two banks were acquired by BOKF in early 1997. Each operated separately until the merger date when the two banks joined to become BOT.
- < The following is a summary of basic financial information as of December 31, 1998, that will provide insight to BOT's business strategy:
 - Net loans represented 70% of deposits.
 - The loan portfolio consisted of 32% commercial loans, 24% home mortgage related loans, 15% real estate development loans, 18% other real estate, and 8% consumer. The portion of the loan portfolio in home mortgage loans is largely the result of lending prior to the current evaluation period.
 - Tier 1 capital was \$51.43 million, or 10.28% of assets.
- < BOT's strategic lending focus is private banking and small business lending. The bank has not emphasized home mortgage related loans due to strong competition in the market area. As a result, our examination placed more weight on the bank's small business lending with less emphasis on home mortgage lending, consumer loans, and small farm loans.
- < There are no legal impediments which impact BOT's ability to meet the credit needs in its assessment areas (AAs).

- < The OCC assigned a rating of "satisfactory record of meeting credit needs" during the previous CRA evaluation dated July 7, 1997.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the loan products reviewed during this examination was from January 3, 1997, to December 28, 1998. Lending products reviewed included small business loans, community development loans, and home mortgage loans.

The Investment and Service test evaluation periods were from July 7, 1997, to April 12, 1999.

The Investment Test included a review of investments and donations made in the bank's AAs that meet the definition of community development.

The Service Test included a review of retail services and community development services.

Data Integrity

Prior to this CRA examination, OCC personnel performed a review to determine the accuracy of lending-related data supplied by BOT. This information was considered to be reliable as no significant inaccuracies were noted. As a result, publicly reported lending data is also considered accurate.

Selection of Areas for Full-Scope Review

The bank has two AAs. The Dallas County AA received a full-scope review during this examination. The Dallas County AA has 96% of the total BOT deposits. The Sherman, Texas AA received a limited-scope review. The Sherman AA has the remaining 4% of BOT deposits. Please refer to the table in Appendix A for more information.

Ratings

Since a large majority of the bank's deposits and loans are centered in the Dallas County AA, BOT's overall rating is primarily based on the bank's performance in Dallas County, the area that received a full-scope review.

Other

The OCC and other regulators have conducted numerous recent community contacts in the Dallas County AA. These contacts included community development corporations, affordable housing organizations, and small business development groups. Opportunities were also discussed with the OCC's Community Reinvestment Development Specialist for the Southwestern District. The purpose of these contacts was to develop a community profile, identify community credit needs, and determine opportunities for participation by financial institutions in helping to meet local credit needs. Significant needs identified during these contacts include small business loans, affordable single-family and multi-family housing, and rehabilitation of homes. Additionally, home buyer assistance programs and improved personal service for small businesses were noted as needs.

Fair Lending Review

The scope of the fair lending portion of this examination was limited to a technical review of compliance with antidiscrimination laws and regulations. No evidence of discriminatory practices or violations of law or regulation were noted. A comparative file review was not performed due to the statistically insufficient number of consumer and home mortgage loan denials.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

BOT's performance under the Lending Test is rated "low satisfactory". Based on a full-scope review, BOT's performance in the Dallas County AA is adequate.

Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate BOT's lending activity.

The level of lending activity for BOT is good. This assessment is based on the following:

- < Financial reports dated December 31, 1998, indicate BOT's loan portfolio represented 70% of deposits which is in line with other similar sized banks in the Dallas area. Total loans at BOT grew substantially during 1998. This growth was centered in commercial loans/small business loans. The average percentage of loans to deposits for 1998 was 57%.
- < BOT has a high volume of small business lending. BOT's strategic lending focus is on small business loans as noted in the Description of Institution section and Table 1 in Appendix C. As a result, home mortgage related lending volume during the evaluation period is low, particularly in relation to small business lending.
- < A substantial portion of BOT's loans are made within the AA. Of the small business loans made in 1998, 86% of the number and 84% of the dollar volume were in the AA. Of the home mortgage related loans made during the evaluation period, 81% of the number and 83% of the dollar volume were in the AA.
- < Community development lending volume is good and represented 11% of tier one capital at December 31, 1998.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of BOT's home mortgage loan originations.

BOT's geographic distribution of home mortgage loans is concentrated in upper-income census tracts. When compared to the level of owner occupied housing

units in each census tract income category, the bank's penetration of low- and moderate-income census tracts is generally poor.

The three primary home mortgage products were reviewed individually. Conclusions on each mortgage product type are based primarily on the percentage of bank loans in each geography compared to the percentage of owner occupied units in that geography as detailed in the tables mentioned above. The specific conclusions include:

- < For home purchase lending, BOT's penetration of low-income geographies is adequate, however the penetration of moderate-income geographies is poor.
- < For home improvement loans, penetration of low-income geographies is adequate, however the penetration of moderate-income geographies is poor.
- < Penetration of home purchase refinance loans in low-income geographies is very poor and the penetration of moderate-income geographies is poor.

The overall assessment on the geographic distribution of home mortgage loans is mitigated to a degree based on the following factors:

- < The level of owner occupied units in the AA is concentrated in the middle- and upper-income census tracts.
- < BOT's branch network is mainly located in the North part of Dallas County where there is a higher concentration of middle- and upper-income census tracts.

Small Business Loans

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of BOT's small business loan originations.

BOT's small business loan penetration of both low-and moderate-income geographies is good based on a comparison of the percentage of the bank's loans in these geographies and the level of small businesses in those geographies.

Small Farm Loans

The volume of small farm loans is minimal. Therefore, a geographic analysis of small farm loans was not applicable/not performed.

Consumer Loans

The volume of consumer loans is small and consumer data was not provided by the bank. Therefore, a geographic analysis of consumer loans was not applicable/not performed.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 6, 7, and 8 in Appendix C for the facts and data used to evaluate the borrower distribution of BOT's home mortgage loan originations.

BOT's home mortgage lending shows poor distribution among borrowers of different income levels. The distribution of home mortgage loans is concentrated in upper-income borrowers.

The three primary home mortgage products were reviewed individually. Conclusions are based primarily on the comparison of the percent of bank loans to low- and moderate-income families to the percent of low- and moderate-income families in the assessment area. Specific findings include:

- < BOT's distribution of home purchase loans to low- and moderate-income borrowers is poor.
- < Home improvement loan distribution to low-income borrowers is very poor. Distribution of home improvement loans to moderate-income borrowers is poor.
- < Home refinance loan distribution to low- and moderate-income borrowers is very poor.

The overall assessment of home mortgage lending distribution by income level of the borrower is mitigated to a degree by BOT's strategic focus on private banking and small business lending.

Small Business Loans

Refer to Table 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the BOT's small business loan originations.

BOT borrower distribution of small business loans is adequate. Eighty-seven percent of the businesses in the Dallas County AA have less than \$1 million in annual revenues. Fifty-six percent of BOT small business loans are to businesses with less than \$1 million in annual revenues. A substantial majority of small business loans in 1998 were originated for less than \$100 thousand, with an average loan size of \$112 thousand.

Small Farm Loans

The volume of small farm loans is minimal. Therefore, an analysis of small farm loans by the income level of the borrower was not applicable/not performed.

Consumer Loans

The volume of consumer loans is small and consumer data was not provided by the bank. Therefore, an analysis of consumer loans by income level of the borrower was not applicable/not performed.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate BOT's level of community development lending.

The dollar volume of community development lending originated by BOT during the evaluation period is good. BOT funded two loans during this period for a total dollar volume of \$5.466 million. The purposes of these loans were to 1) finance extensive rehabilitation of multi-family rental housing targeted to low- and moderate-income individuals and 2) provide interim construction financing on various affordable single family residences for low-income families.

The community development loan for low-income family/single family residences is considered flexible in that BOT waived the normal appraisal requirements, conducted internal flood evaluations to avoid that fee, and provided 100% financing.

Product Innovation and Flexibility

The bank did not provide any information on innovative and/or flexible features to lending products other than on the community development loan mentioned in the preceding paragraph.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, BOT's performance under the Lending Test in the Sherman AA is generally not inconsistent with the bank's overall performance under the Lending Test. Refer to Table 1 through 9 in Appendix C for the facts and data that support this conclusion.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "high satisfactory". Based on full-scope reviews, the bank's performance in the Dallas County AA is good. Refer to Table 10 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

BOT provided a good level of qualified investments based on its size, financial capacity and AA opportunities. To qualify for consideration, an investment must take the form of an investment security, deposit, membership share, grant, or donation that has as its primary purpose community development.

Qualified community development investments totaled \$1.454 million and represented 2.8% of tier 1 capital. In summary, these investments consisted of:

- < \$275 thousand in debt financing for the Dallas Area Habitat for Humanity. Habitat for Humanity's primary purpose is to address needs for affordable housing to low-income individuals.
- < Purchase of \$500 thousand in certificates of deposit in minority owned banks that primarily lend or facilitate lending in low- and moderate income areas and to low-and moderate-income individuals.
- < Purchase of \$589 thousand in a mortgage backed security, which financed housing for low- or moderate-income individuals.
- < \$90 thousand in grants and donations to organizations whose primary purpose supports community development. This includes providing community services

to low- or moderate-income individuals and promoting economic development by financing small businesses.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Sherman AA is weaker than the bank's overall performance; however, it did not change the overall Investment rating. The weaker investment performance in the Sherman AA is primarily due to:

- C Limited opportunity for qualified investments.
- C The Sherman Branch of BOT did not open until July of 1998 and has therefore been in that AA for a short period of time.

Refer to the Tables 10 in Appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "low satisfactory". Based on full-scope reviews, the bank's performance in the Dallas County AA is adequate.

Retail Banking Services

Refer to Table 11 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

The distribution of BOT's branches in the Dallas County AA favors upper-income census tracts when compared to the demographic data table in Appendix B. In Dallas, two branches are located in the same moderate-income geography (including one mobile branch), and six branches, (including one mobile branch and the loan production office), are located in upper income geographies. Operations of the mobile branches are centered around the permanent branches they are associated with. Deposit and some lending related services are available via the mobile branches. Distribution of full service branches in the Dallas County AA

represents 20% in moderate-income geographies and 80% in upper-income geographies. Of the three remaining limited service branches (mobile and loan production office), 33% are in moderate-income geographies and 67% in upper-income geographies. While the branch distribution favors upper-income areas, the census tracts surrounding each of the branches include low-, and moderate-income geographies. Internal performance data, primarily small business lending, shows that this bank is serving customers from all of these areas.

Since the previous CRA examination, dated July 1997, BOT opened two branches in the Dallas County AA: the Royal Lane mobile branch, located in a moderate-income census tract, in November 1998; and the Lincoln Park branch, located in an upper-income census tract, in February 1999. No offices or branches have been closed since the last examination.

The quantity and quality of this bank's service-delivery system allows for reasonable access to bank products and services by most geographies and individuals of different income levels within the assessment area. BOT offers the same standard range of banking services throughout each of its offices. All of the five full service branches also have drive-up facilities and ATMs. BOT also offers access to limited banking services through a loan production office, two mobile branches, and its 24 hour telephone banking service.

Although all of the branch hours of operation are somewhat commensurate with those offered by other financial institutions in the Dallas County AA, lobby hours offered in the upper-income communities are more favorable than those offered in moderate-income communities by 1½ to 2 hours per day. Saturday drive-in hours are available at three of the upper-income permanent branches, but not at the one moderate-income branch. The shorter lobby hours and the lack of Saturday banking hours in the moderate-income census tract branch is somewhat mitigated by the facts that the census tract is primarily an industrial area and sparsely populated, the services primarily used at this branch are deposit and check cashing, and there is an ATM available. In addition, the weekday lobby hours at the moderate-income branch have been in place prior to when that facility was acquired in the First Texas Bank merger which occurred January 1, 1998. Per bank management, the hours offered at this branch are similar to those offered by other institutions in the immediate area.

Community Development Services

BOT provides a good level of community development services in the Dallas County AA. BOT personnel have been heavily involved in several community

development services that have benefited and been available to a substantial number of low- and moderate-income individuals in the Dallas County AA. These services are not concentrated in one particular census tract or geography. The following were considered as qualifying community development services:

Consumer Credit Counseling Services of Greater Dallas, Inc. (CCCS) - BOT committed to sponsor and provide a retail lender for 12 seminars in 1999. CCCS provides free financial counseling, training in basic budgeting skills, information on consumer credit and credit bureau reports, and a Debt Management Program for consumers with severe credit problems. As a HUD approved housing counseling agency CCCS provides education and counseling in the areas of pre-purchase planning, mortgage default and foreclosure prevention, and home equity.

Dallas Area Habitat for Humanity - A member of BOT personnel sits on this organization's Family Review Committee. This committee reviews applications and holds family information days which include providing interested families information concerning the mortgage products available, the application process, and credit report education.

Bill J. Priest Center for Economic Development - This center provides credit counseling for small businesses and in particular SBA lending. BOT provides two instructors per quarter.

The Community Minority Business Advancement Program - This is a business fundamentals program taught by University of Texas at Austin Business School faculty members and leading professionals from the business community, presented in cooperation with local minority chambers of commerce and other minority organizations. The program is designed to increase the efficiency and profitability of minority-owned small businesses by presenting practical information in the areas of finance, accounting, marketing, and strategic management policies. One of BOT's business lending officers is an instructor in this program.

The Tom Field School Student Bank Program - This school is located in a moderate-income geography and the majority of the students are minority and from low- and moderate-income families. This savings account program introduces banking services to a group of children whose families have historically been blocked from banking services. Savings accounts can be opened through the school, and bank representative will visit the school monthly to accept deposits. These accounts carry no services charges, no minimum deposit requirement and withdrawals can be made from any of the bank's five branches.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Sherman AA is stronger than the bank's overall performance in the state. This is primarily due to BOT opening a full-service branch in the Sherman AA in a low-income census tract in July of 1998.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test: January 3, 1997 to December 28, 1998 Investment Test: July 7, 1997 to April 12, 1999 Service Test: July 7, 1997 to April 12, 1999	
Financial Institution	Products Reviewed	
Bank of Texas, N.A., Dallas, Texas (BOT)	Small Business loans, Community Development loans, and Home Mortgage loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
NA - No affiliate lending was evaluated	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information

Dallas County, Texas	Full-Scope	
Sherman, Texas	Limited-Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews	
Dallas County AA	21

Dallas County Assessment Area

Demographic Information for Full-Scope Area: Dallas County Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	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	NA
Owner-Occupied Housing by Geography	362,764	5.12	21.28	40.11	33.49	NA
Businesses by Geography	88,836	6.59	28.60	34.37	27.67	2.77
Farms by Geography	1,203	4.32	22.28	39.15	33.42	.83
Family Distribution by Income Level	468,413	22.22	18.57	21.94	37.27	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	191,062	17.08	36.64	35.73	10.56	NA
Median Family Income	= \$40,309	Median Housing Value		= \$91,093		
HUD Adjusted Median Family Income for 1998	= \$54,400	Unemployment Rate (December 31, 1998)		= 3.9%		
Households Below the Poverty Level	= 11.55%					

Source: 1990 U.S. Census and 1998 HUD updated MFI.

BOT operations are conducted in two AAs. The primary AA is Dallas County where 96% of the bank's deposits and 94% of the bank's loans are centered. The Dallas County AA is a portion of the Dallas PMSA. A full-scope review was conducted on the Dallas County AA.

BOT operations/branches are concentrated in the central and North central portions of the Dallas County AA. BOT has eight branches in the Dallas AA. Two branches are located in the same moderate-income census tract (including one mobile branch). Five branches (including one mobile branch) are located in upper-income census tracts. Each of the five full-service branches has drive-up facilities and an onsite ATM. BOT also has a loan production office in an upper-income census tract.

The bank faces strong competition in its assessment area from multinational and regional banking companies such as Bank One, Bank of America/Nations Bank, and Comerica. These companies have significant presences in the area. Strong competition also comes from area mid-sized banks such as North Dallas Bank and Trust, and Swiss Avenue Bank, as well as the area's community banks. Nontraditional sources, including mortgage companies, finance companies, securities firms, and credit unions are also heavily concentrated in the assessment area. Based on total asset size of banks headquartered in Dallas County at

December 31, 1998, BOT is the seventh largest bank. Deposit data as of June 30, 1998 indicates BOT has 1.11% of the market share in Dallas County.

BOT's primary strategic focus is private banking and small business lending.

The population of the Dallas County AA as of the 1990 U. S, Census is 1,852,810.

The economy of the Dallas County AA is supported by a well-diversified business sector with emphasis on manufacturing, high-technology, education, and communications. In addition, corporate relocations to the north Dallas area have fueled much of the growth in that area. As a result, the northern half of the AA has benefitted more from the economic growth than the southern half.

The December, 1998 unemployment rate for Dallas County is 3.9%, which is well below both the state and national figures of 4.4% and 4.3%, respectively. The trend in the unemployment level for the Dallas County AA is improving as compared to 4.4% for December 31, 1997.

According to U.S. Bureau of Labor Statistics for December, 1998, the four top sectors which employ the most people in the Dallas MSA are the service, retail trade, government, and manufacturing sectors, with 28%, 18%, 17%, and 12%, respectively, or a combined 75% of the workforce. The Dallas MSA is projected to continue to attract high-tech companies which should, in turn, provide support for rising service sector employment.

The OCC and other regulators have conducted numerous community contacts who have indicated that there is a high level of investment opportunities within the Dallas County AA in the areas of small business development, affordable housing, and rehabilitation of existing homes. These contacts included community development corporations, affordable housing organizations, and small business development groups. Additionally, home buyer assistance programs and improved personal service for small businesses were also noted as needs.

The remaining AA is a portion of Sherman, Texas (Sherman). The Sherman AA is a small segment of the Sherman-Dennison MSA. BOT operations in the Sherman AA are very limited in comparison and consist of the balance of total deposits (4%) and loans (6%). Therefore, the Sherman AA received a limited-scope review.

Appendix C: Tables of Performance Data

Content of Standardized Tables

The tables cover the entire CRA evaluation period. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated 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 rank and market share information based on the most recent aggregate market data available.

- Table 6. Borrower Distribution of HMDA Home Purchase Loan Originations -** Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of HMDA Home Improvement Loan Originations -** See Table 6.
- Table 8. Borrower Distribution of HMDA Refinance Loan Originations -** See Table 6.
- Table 9. Borrower Distribution of Small Business Loan Originations -** Compares the percentage distribution of the number of small loans (< \$1 million) originated 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. The table also presents the percentage distribution of the number of loans originated 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 10. Qualified Investments -** Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.
- Table 11. Distribution of Branch and ATM Delivery System -** Compares the percentage distribution of the number of the bank's retail branches and ARMS in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Table 1. Lending Volume

LENDING VOLUME													State: Texas	Evaluation Period: January 3, 1997 to December 28, 1998
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)			
Full-Scope:														
Dallas County	96% (2)	126	\$25,994	476 (1)	\$53,234 (1)	NA	NA	2	\$5,466	604	\$84,694	94.00%		
Limited-Scope:														
Sherman (3)	4% (2)	4	\$94	29	\$4,906	6	\$400	NA	NA	39	\$5,400	6.00%		

(1) Dallas County AA small business data is for all of 1998 only.

(2) March 31, 1999 information.

(3) Sherman AA data from July 1998 to December 1998 only.

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE													State: Texas	Evaluation Period: January 3, 1997 to December 28, 1998		
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% 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	#	% of Total
Full-Scope:																
Dallas County	5%	2%	21%	4%	40%	17%	33%	77%	147	.07	.16	0	.03	.12	48	98%
Limited-Scope:																
Sherman (1)	0%	0%	21%	0%	48%	100%	31%	0%	NA	NA	NA	NA	NA	NA	1	2%

(*) Based on 1997 Aggregate HMDA Data only.

(1) Sherman AA data from July 1998 to December 1998 only. No market share data available.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT																	State: Texas		Evaluation Period: January 3, 1997 to December 28, 1998				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans								
	% 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	#	% of Total							
Full-Scope:																							
Dallas County	5%	2%	21%	5%	40%	2%	33%	89%	36	.30	0	.07	.04	.64	53	95%							
Limited-Scope:																							
Sherman (1) &(2)	0%	0%	21%	0%	48%	0%	31%	100%	NA	NA	NA	NA	NA	NA	3	5%							

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE																	State: Texas		Evaluation Period: January 3, 1997 to December 28, 1998				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans								
	% 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	#	% of Total							
Full-Scope:																							
Dallas County	5%	0%	21%	6%	40%	11%	33%	83%	102	.18	0	.13	0	.32	18	100%							
Limited-Scope:																							
Sherman (1) &(2)	0%	0%	21%	0%	48%	0%	31%	0%	NA	NA	NA	NA	NA	NA	0	0%							

(*) Based on 1997 Aggregate HMDA Data only.

(1) Sherman AA data from July 1998 to December 1998 only.

(2) No market share data available.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS																	State: Texas		Evaluation Period: January 3, 1997 to December 28, 1998				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography					Total Small Business Loans								
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full-Scope:																							
Dallas County (1) &(2)	7%	8%	29%	50%	34%	16%	28%	26%	NA	NA	NA	NA	NA	NA	468	94%							
Limited-Scope:																							
Sherman (2) & (3)	20%	14%	18%	17%	24%	14%	39%	55%	NA	NA	NA	NA	NA	NA	29	6%							

(1) Dallas County AA includes 1998 loan data only.

(2) No market share data available.

(3) Sherman AA data from July 1998 to December 1998 only.

Table 6. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HMDA HOME PURCHASE																	State: Texas		Evaluation Period: January 3, 1997 to December 28, 1998				
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans								
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full-Scope:																							
Dallas County	22%	2%	19%	2%	22%	14%	37%	82%	147	.07	0	0	.02	.13	48	92%							
Limited-Scope:																							
Sherman (1)	21%	0%	16%	0%	23%	0%	40%	100%	NA	NA	NA	NA	NA	NA	4	8%							

(*) As a percentage of loans with borrower income information available. No information was available for 8.33% of loans originated by BANK.

(**) Based on 1997 Aggregate HMDA Data only.

(1) Sherman AA data from July 1998 to December 1998 only. No market share data available.

Table 7. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT		State: Texas		Evaluation Period: January 3, 1997 to December 28, 1998												
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Dallas County	22%	0%	19%	2%	22%	12%	37%	87%	36	.3	0	0	0	.65	52	95%
Limited-Scope:																
Sherman (1) & (2)	21%	0%	16%	0%	23%	0%	40%	0%	NA	NA	NA	NA	NA	NA	3	5%

Table 8. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE		State: Texas		Evaluation Period: January 3, 1997 to December 28, 1998												
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Dallas County	22%	0%	19%	0%	22%	0%	37%	100%	102%	.18	0	0	0	.33	18	100%
Limited-Scope:																
Sherman (1)	21%	0%	16%	0%	23%	0%	40%	0%	NA	NA	NA	NA	NA	NA	0	0%

(*) As a percentage of loans with borrower income information available. No information was available for 8.33% of loans originated by BOT.

(**) Based on 1997 Aggregate HMDA Data only.

(1) Sherman AA data from July 1998 to December 1998 only. No market share data available.

Table 9. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS			State: Texas	Evaluation Period: January 3, 1997 to December 28, 1998								
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans			
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size	
Full-Scope:												
Dallas County (1) & (2)	87%	56%	NA	74%	13%	13%	NA	NA	476	94%	\$112	
Limited-Scope:												
Sherman (2) & (3)	92%	61%	NA	48%	28%	24%	NA	NA	29	6%	\$169	

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 18% of loans originated by BANK.

(***) The market consists of all other Small Business reporters in BANK's assessment area and is based on 1997 Aggregate Small Business Data only.

(****) Based on 1997 Aggregate Small Business Data only.

(1) Table completed with 1998 loan data only.

(2) No market share data available.

(3) Sherman AA data from July 1998 to December 1998 only.

Table 10. Qualified Investments

QUALIFIED INVESTMENTS			State: Texas	Evaluation Period: July 7, 1997 to April 12, 1999					
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full-Scope:									
Dallas County	1	4	0%	42	1,450	100%	43	\$1,454	100%
Limited-Scope:									
Sherman	0	0	0%	5	2	100%	5	\$2	100%

(*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.

(**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

Table 11. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM														State: Texas		Evaluation Period: July 7, 1997 to April 12, 1999			
MSA/Assessment Area:	Deposits	Branches						ATMS						Population					
	% of Total BANK Deposits	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMS	% of Total BANK ATMS	Location of ATMS by Income of Geographies				% of the Population within Each Geography					
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp		
Full-Scope:																			
Dallas County	96%	5	83%	0%	20%	0%	80%	5	83%	0%	20%	0%	80%	10%	27%	39%	24%		
Limited-Scope:																			
Sherman	4%	1	17%	100%	0%	0%	0%	1	17%	100%	0%	0%	0%	1%	25%	44%	30%		