



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Public Disclosure**

**April 08, 2002**

**Community Reinvestment Act  
Performance Evaluation**

**Bank Of Texas, National Association  
Charter Number: 24082**

**7600 West Northwest Highway  
Dallas, TX 75225**

**Office of the Comptroller of the Currency**

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

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## Overall CRA Rating

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

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

Performance Levels	(Bank of Texas, National Association) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
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:

- Given the bank’s performance context, lending levels reflect a good responsiveness to the credit needs of the bank’s assessment areas. A substantial majority of the bank’s lending activity occurred inside the AAs.
- BOT’s distribution of loans among geographies and borrowers of different income levels is adequate with no unexplained gaps in lending.
- Community development lending reflects an excellent responsiveness to the identified needs within the AA and has a positive effect on the overall lending rating.
- BOT has a good level of qualified investments that support affordable housing and economic development, principally in the Dallas Region AA.
- Accessibility of BOT’s offices to geographies and individuals of varying income levels and the responsiveness of BOT’s retail services to the needs of its AAs is good.
- BOT demonstrated a good level of performance in providing community development services.

## 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:** 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 nonmortgage, 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

Bank of Texas, N.A. (BOT), headquartered in Dallas, Texas is a wholly owned subsidiary of Bank of Oklahoma Financial Corporation (BOKF), a \$12 billion multi-bank holding company. BOKF is headquartered in Tulsa, Oklahoma. The holding company provides a full range of consumer and commercial financial products and services, and operates nationally chartered financial institutions in Arkansas (Bank of Arkansas, N.A.), New Mexico (Bank of Albuquerque, N.A.), and Oklahoma (Bank of Oklahoma, N.A.).

BOT is an intrastate bank and the 15<sup>th</sup> largest commercial bank headquartered in Texas with total assets of \$1.9 billion as of December 31, 2001. The bank's deposit market share in Texas is less than 1 percent as of June 30, 2001. BOT was established on January 1, 1998, as a result of the merger of the former First National Bank of Park Cities and First Texas Bank.

BOT has one subsidiary, Bank of Texas Trust Company, N.A. The trust company's main office is located in Dallas, Texas with a branch in Sherman, Texas. The trust company reported total assets of \$10.1 million at December 31, 2001. The operating subsidiary's activities do not impact the bank's capacity to lend or invest in its community.

BOT has two assessment areas (AAs) in Texas. Both areas consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low- or moderate-income geographies and overall meet the requirements of the CRA regulation. The Dallas Region AA is comprised of Collin, Dallas, Denton, Grayson and Sherman Counties. The Houston Region AA consists of Harris and Fort Bend Counties.

In March 2000, BOT merged with the former Canyon Creek National Bank, which operated branches in Richardson and McKinney, Texas. In May 2000, BOT merged with Swiss Avenue State Bank, which had three locations in the Dallas area - east Dallas, Oak Cliff, and Walnut Hill. In June 2000, BOT merged with Mid-Cities National Bank, which operated one branch in Hurst, Texas. A supermarket branch was opened in Sherman, Texas during 1999 and BOT opened a full-service branch in Richardson, Texas in 2000. During 2001, one branch was closed in Irving and another was opened in Grapevine, Texas. Also in 2001, BOT expanded into the Houston market with the acquisition of Citizens National Bank of Bellaire, Texas. This merger allowed BOT to expand into southeast Texas by acquiring three locations in Harris County and four in Fort Bend County. BOT operates three loan production offices, one in Dallas, Texas, Houston, Texas and Denver, Colorado.

The bank offers a variety of loan products and related financial services through its branch network within Texas. In addition to the main office in Dallas, BOT has 13 branches, 12 drive-up facilities, and 20 automated teller machines (ATMs) in the Dallas Region AA. BOT's distribution network outside of the Dallas Region AA includes 7 branches, 4 drive-up facilities, and 8 ATMs in the Houston Region AA. The Dallas Region AA accounts for approximately 70 percent of BOT's total deposit dollars and 84 percent of CRA reportable loans in its AAs.

The bank's business strategy centers on residential construction and commercial lending activities. As of December 31, 2001, BOT reported net loans of \$1.1 billion comprising 58 percent of total assets. The bank's loan-to-deposit ratio was 74 percent and Tier One Capital was \$140 million. The loan portfolio is segmented as follows: real estate loans - 54 percent, commercial loans - 36 percent, industrial loans - 6 percent and other loans - 4 percent.

Agricultural loans comprise less than 1 percent of total loans. BOT has increased total loans by approximately 38 percent since year-end 2000. Commercial and real estate lending has been on the rise over the evaluation period and is expected to continue to grow in the foreseeable future.

The structure of the bank has changed from 1999 to 2002. In response to the bank's rapid growth, BOT decided to approach their markets as community banks rather than branch banks. Additionally, the CRA function has developed into a Community Development Department with an emphasis on affordable housing, economic development, and serving the needs of non-profit and religious-based organizations both for lending and deposit services. This department consists of the CRA Officer and two community development lenders and two mortgage lenders dedicated to community development activities within each of the bank's AAs.

There are no legal or financial barriers to BOT's ability to meet the credit, investment, and service needs of its assessment areas.

The prior CRA examination is dated April 19, 1999 and the assigned rating was "Satisfactory." A review of OCC records, as well as the bank's CRA Public File, did not reveal any complaints relating to the bank's CRA performance.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. In evaluating the bank's lending performance, we reviewed BOT's residential mortgage loans and small business loans. Loan data for loans originated by the bank's affiliate, Bank of Oklahoma, was also included in this evaluation.

Consumer loans are not evaluated because the bank did not request us to review them and because they do not represent a substantial majority of the bank's lending activity. Table 13 detailing Geographic and Borrower Distribution of Consumer Loans has been eliminated from the Public Evaluation.

Further, the geographic distribution of multi-family loans and the geographic and borrower distribution of small loans to farms are not relevant due to the small volume of loans originated or purchased during the evaluation period. Therefore, an analysis of the geographic distribution of multi-family loans and the geographic and borrower distribution of small loans to farms has been eliminated from the Public Evaluation.

The evaluation period under the Lending Test was January 1, 1999 through December 31, 2001. For community development (CD) loans and the Investment and Service Tests, the evaluation period is April 12, 1999 through April 15, 2002. The Investment Test conclusions are based on an evaluation of investments, grants, and donations made in the bank's AAs that meet the definition of community development. The Service Test was evaluated based on branch distribution, hours of operation, branch openings and closings, alternative delivery systems, retail and commercial deposit and loan products and services, and community development services.

### Data Integrity

Prior to this CRA examination, OCC personnel verified the accuracy of data made available to the public in accordance with the Home Mortgage Disclosure Act (HMDA) and the CRA regulation. Public data includes home mortgage lending and small loans to businesses and farms. In addition, non-public data that was submitted by BOT's management for CD loans, services and investments were reviewed to ensure they qualified as community development. Based on verification work performed, publicly reported lending data is considered accurate. All the data reported for the above categories were used in this evaluation.

### Selection of Areas for Full-Scope Review

BOT has two AAs. The Dallas Region AA was selected for full-scope review because this area is where the bank maintains a substantial share of its business; 70 percent of deposits and approximately 84 percent of reportable loans in the evaluation period. A limited scope review was conducted in the Houston Region AA because BOT only recently entered into this market as a result of an acquisition of another financial institution in 2001. Please refer to the table in Appendix A for more information.

## **Ratings**

The bank's overall rating is based primarily on the area that received a full-scope review. Small business lending was given the greatest weight under the lending test since it is the bank's primary business line, followed by home mortgage loans. We gave less weight to small farm loans since this is not a primary business focus. More consideration was given to the bank's lending performance in the Dallas Region AA. This is due to the higher volume of lending, especially small loans to businesses, which is one of the primary product lines at BOT.

## **Other**

We reviewed 12 recent community contact interview summaries conducted in the Dallas and Houston Region AAs. Organizations contacted were involved in affordable housing and providing basic services to low- and moderate-income individuals and small businesses. Opportunities for banks to participate in community development activities in both AAs are good. The predominant needs identified by these contacts included: affordable housing, economic development, home improvement loans for existing housing stock, start-up funding for small businesses, and loans to rehabilitate existing commercial buildings.

## **Fair Lending Review**

An analysis of the 1999, 2000, and 2001 public comments and consumer complaint information and HMDA, small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in April 1999.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "**High Satisfactory**". Based on a full-scope review, the bank's performance in the Dallas Region AA is good.

#### Lending Activity

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity. Tables 1 Other products and Table 13 Consumer Loans have been eliminated from the Public Evaluation since other lending products and consumer loans were not considered at this examination.

Lending activity in the Dallas Region AA is good in relation to the size and locations of the bank. The bank has 2 percent of the deposit market share in the AA and ranks 12<sup>th</sup> in this market. BOT is primarily a small business lender, which is reflected by the volume of lending in each product type throughout the AA. The overall level of loans to small businesses, mortgage loans, and loans to small farms is comparable with the deposit base throughout the AA. The Dallas Region AA contains 84 percent of reportable loans originated in the evaluation period compared to 70 percent of the bank's deposits.

The conclusion about the bank's lending performance is based primarily on the level of small business lending. The majority of loans are small loans to businesses at 70 percent of the total number of reportable loans made during the evaluation period. Home mortgage loans represent 24 percent of loans originated and small farm loans represent 1 percent of loans originated during the evaluation period. Community development lending had a positive impact on the Lending Test conclusions because the loans made in the full-scope AA reflect BOT's efforts to identify community development needs and to respond to those needs.

BOT's primary product in the Dallas Region AA is small business lending, ranking 11<sup>th</sup> in the number of loans at 2 percent of loans originated in the AA. The bank also makes small loans for farms, ranking 6<sup>th</sup> in number of loans with a market share of 3 percent. These numbers reflect the high level of competition for both loans and deposit funds in the AA. In the Dallas Region AA, BOT ranks 12<sup>th</sup> in deposit market share at 2 percent.

Based on HMDA aggregate data for 2000 (the most recent year aggregate data is available), BOT's overall market share for mortgage lending is 0.07 percent, which ranks 172<sup>nd</sup> in the AA. Based on aggregate HMDA data, BOT's overall market share for the origination/purchase of home purchase loans is 0.03 percent, and home mortgage refinance is 0.04 percent. In home improvement, BOT has an overall market share of 0.54 percent and in multi-family loans 2 percent. The lower market shares are primarily due to the large number of financial institutions and aggressive level of competition in this market for residential real estate loans in the Dallas Region AA.

## **Distribution of Loans by Income Level of the Geography**

BOT's overall distribution of loans by income level of the geography is adequate.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's distribution of home mortgage loans by income level of the geography is adequate in the Dallas Region AA.

### **Home Purchase Loans:**

BOT's geographic distribution of home purchase loans is adequate in the Dallas Region AA. The percentage distribution of loans is below the percentage of owner-occupied housing units in the low- and moderate-income CTs. Also, the bank's market share in low-income CTs only slightly exceeds its overall market share in the AA. In the Dallas Region AA, only 3.74 percent owner-occupied housing units are available in low-income geographies. Similarly, 18.5 percent of the owner-occupied housing units are available in moderate-income CTs. This results in very limited opportunities to make loans for home purchases in low- and moderate-income geographies.

### **Home Improvement Loans:**

BOT's geographic distribution of home improvement loans is adequate in the Dallas Region AA. The percentage distribution of home improvement loans is below the percentage of owner-occupied housing units in the low- and moderate-income CTs. The market share of loans in low-income CTs exceeds the overall market share. However, the overall performance in moderate-income CTs is lower.

### **Home Mortgage Refinance Loans:**

BOT's geographic distribution of home refinance loans is poor in the Dallas Region AA. The percentage of loans in low- and moderate-income CTs is well below the percentage of owner-occupied housing units in these geographies. This level of performance is mitigated by the fact that BOT did not offer a refinance mortgage product until September 2001. The bank's overall market share for home mortgage refinance loans is very low; therefore the fact that a low percentage of loans were originated in low- and moderate-income CTs is not given much weight.

### **Multi-Family Loans:**

Not applicable.

### ***Small Loans to Businesses***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The distribution of loans by the income level of the geography is excellent in the Dallas Region AA. The percentage of small business loans made in low- and moderate-income CTs exceeds the percentage of small businesses in these CTs. Also, BOT's market share in low- and moderate-income CTs significantly exceeded the bank's overall market share in the AA.

### ***Small Loans to Farms***

Not applicable.

### **Lending Gap Analysis**

Our review included evaluation of BOT's geographic distribution of home mortgage loans and small loans to businesses. This was done using maps and reports showing the bank's lending in each census tract. No unexplained conspicuous gaps in lending were identified.

### ***Inside/Outside Ratio***

The bank's distribution of loans inside/outside of their AAs is excellent. A significant majority of the home mortgage loans, small loans to businesses and farms, and community development (CD) loans originated/purchased by BOT over the evaluation period were within its AAs. Approximately 95 percent of home mortgage loans, 94 percent of small business loans, 79 percent of small farm loans and 100 percent of the CD loans were within its AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending.

## **Distribution of Loans by Income Level of the Borrower**

BOT's overall distribution of loans by income level of the borrower is adequate.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

BOT's overall distribution of home mortgage loans by income level of borrowers is adequate in the Dallas Region AA.

### **Home Purchase Loans:**

The bank's distribution of home purchase loans in the Dallas Region AA is adequate. The percentage of home purchase loans to low- or moderate-income borrowers is lower than the reported percentage of families in those income levels. This is somewhat mitigated by performance context issues. Approximately 19.5 percent of families are low-income and 17.5 percent are moderate-income. In addition, 10.6 percent of the families in this AA are below poverty level. Based on the updated median family income for the AA of \$62,406, low- and moderate-income families make less than \$49,925 per year. Consequently it is very difficult for low- and moderate-income families to qualify for home purchase mortgages. In addition, the Dallas Region AA has a high level of competition for mortgage lending. BOT's market share to low- and moderate-income borrower's falls short the overall market share for this AA.

### **Home Improvement Loans:**

BOT's distribution of home improvement loans by borrower income levels is adequate in the Dallas Region AA. The percentage of home improvement loans to low- and moderate-income borrowers is below the percentage of families in these income categories. The bank's market share to low- and moderate-income borrowers is near their overall market share. This performance is somewhat mitigated when considering that the home improvement opportunities to low- and moderate-income borrowers are limited based on the affordability in purchasing a home in the AA.

### **Home Mortgage Refinance Loans:**

The distribution of home mortgage refinance loans by borrower income level is poor. The distribution to low- and moderate-income borrowers is significantly below the percentage of low and moderate-income families in the AA. Additionally, the bank's market share to low- and moderate-income borrowers is insignificant. The low level of performance is attributed to the fact that BOT did not enter into the home mortgage refinance market until the third quarter of 2001.

### ***Small Loans to Businesses***

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

BOT's loan distribution to small businesses is adequate in the Dallas Region AA. The percentage of bank loans to businesses with revenues of \$1 million or less is lower than the percentage of businesses with revenues of \$1 million or less. However, the bank's market share to businesses with revenues of \$1 million or less exceeds its overall market share. Additionally, a significant majority of loans are for amounts of \$100,000 or less, an indication that BOT meets the credit needs of small businesses within the Dallas Region AA.

### **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development 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 multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development (CD) lending had a positive impact on the Lending Test conclusions. BOT's level of community development lending is excellent and partially mitigates an adequate level of home mortgage lending in the Dallas Region AA. During the evaluation period, BOT made a total of 186 CD loans totaling \$28 million representing 20 percent of Tier One Capital as of December 31, 2001. Bank management and community contacts identified affordable housing and economic development as pressing needs in the Dallas Region AA. BOT demonstrated an excellent level of responsiveness to these needs by providing interim construction loans to builders who specialize in rehabilitation or development of affordable housing and permanent loans to construct commercial buildings in economically depressed low- and moderate-income geographies.

For example, BOT originated 21 loans totaling \$1.2 million to a certified Community Housing Development Organization that purchases and rehabilitates sub-standard single-family housing in East Dallas and the Pleasant Grove area that are sold to low- and moderate-income families. The average sales price of houses sold in these communities in the last two years was approximately \$67,900. Additionally, BOT originated 41 interim construction loans totaling \$5 million for in-fill housing in West Dallas and North Fort Worth. In support of economic development within the Dallas Region AA, BOT funded a loan for \$3 million to construct a 51,000 square foot wholesale/retail shopping center in a moderate-income geography that is surrounded by other low-and moderate-income CTs. The building will have 12 tenants. The combined businesses will employ 90 to 100 employees of which 40 will be new jobs.

## Product Innovation and Flexibility

BOT introduced two innovative lending practices during the evaluation period. The first was the *Zero Down-Homeward Bound 2000 Loan Program*. This program features a first-time homebuyer component and is targeted to low- and moderate-income individuals or properties located in low- and moderate-income CTs. The program does not require a down payment from the applicant and allows for a maximum loan-to-value of 103 percent and a qualifying debt ratio of 46 percent. This is a fixed-rate product with a term of 15 to 30 years. The loan proceeds can be used to purchase or refinance an owner-occupied single family dwelling. The maximum loan amount is \$165,000. Private mortgage insurance is not required. During the evaluation period, BOT originated 190 loans totaling \$1.3 million, of which 10 loans totaling \$1 million were to first-time homebuyers.

BOT also introduced a no closing cost mortgage refinance product in 2001. The program features a loan amount of \$5,000 to \$100,000, a loan-to-value of 80 percent, a term of 15 years, and a maximum debt ratio of 50 percent. During the evaluation period, the bank originated 11 loans totaling \$663,960.

BOT also offers home equity and home improvement loans with no closing costs assessed.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Houston Region AA is weaker than the bank's overall "High Satisfactory" performance under the lending test. This conclusion is based on the bank's weaker performance in HMDA lending in low- and moderate-income CTs and to low- and moderate-income borrowers. The weaker performance in the Houston Region AA is attributed to the fact that this AA was only acquired in 2001 as a result of an acquisition of a Houston-based financial institution. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

BOT's performance under the investment test is rated "**High Satisfactory**". Based on full-scope reviews, the bank's performance in the Dallas Region AA is good.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Qualifying investments are investments, deposits, membership shares or grants that have as their primary purpose community development, as defined in the CRA regulation. BOT's qualifying investments are centered in debt or equity investments and grants and donations with the primary purpose of affordable housing, community development services targeted to low- and moderate-income households, and small business financing and technical assistance. BOT's community development strategy is to seek out investment opportunities in affordable housing and community development services for low- and moderate-income individuals, as these are identified needs in the assessment area. The number and dollar volume of qualified investments is significant, but none demonstrate leadership or are considered innovative or complex.

BOT's investment in affordable housing initiatives includes mortgage-backed securities, equity investments in a non-profit organization that develops affordable housing, and grants and donations to non-profit organizations that rehabilitate or develop affordable housing.

#### **Mortgage-backed Securities**

During the evaluation period, BOT purchased \$10.4 million in three pools of mortgage-backed securities from the Federal Home Loan Mortgage Corporation. Individual loans in these pools are to low- and moderate-income borrowers in the assessment area.

#### **Equity Investments**

BOT has ten equity investments in the Dallas Area Habitat for Humanity totaling \$258,000. These investments were made in the prior evaluation period at \$275,000. Habitat for Humanity is a non-profit organization that is dedicated to eliminating poverty by making home ownership of decent, affordable housing possible for low-income families. The Dallas Area Habitat for Humanity uses the funds to make low-interest loans to individuals who purchase the homes.

#### **Grants and Donations**

BOT donated approximately \$39,000 to five non-profit organizations that rehabilitate or develop affordable housing for low- and moderate-income individuals. The organizations include Habitat for Humanity, Hearts and Hammers, Liberation Community, Real Estate Council Foundation, and Restoration Community Inc.

### **Community Development Services**

During the evaluation period, BOT donated \$233,000 to 37 non-profit organizations whose primary purpose is to provide services to low- and moderate-income individuals. Examples of services provided by the non-profit organizations include shelters for the homeless, battered women, and abused children, legal services for abused children, youth programs for low- and moderate-income children, and scholarships for students who demonstrate financial need. Donations also support food banks and service leagues that raise funds that directly benefit organizations or agencies that target low- and moderate-income individuals.

### **Small Business Financing and Technical Assistance**

BOT donated \$43,400 to four organizations that assist small business owners, women, and minorities in obtaining financing and technical assistance. Southern Dallas Development Corporation provides venture capital to small businesses located in South Dallas. Dallas/Fort Worth Minority Business Development Council provides technical assistance to small business owners. This assistance includes developing business plans and business record keeping. Grameen Foundation (Dallas PLAN Fund) provides low-income individuals with the opportunity to move towards economic self-sufficiency through self-employment ventures. The organization serves primarily women who are interested in generating income from small business ownership. The 2001 Entrepreneur Expo was a forum for small business owners to network and receive technical assistance on small business ownership.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Houston Region AA is not consistent with the bank's overall performance under the investment test. The bank's performance in the Houston Region AA is weaker than the bank's overall "High Satisfactory" performance. BOT did not enter the Houston market until 2001; therefore, fewer investments have been made in this AA. Refer to Table 14 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 "**High Satisfactory**". Based on full-scope reviews, the bank's performance in the Dallas Region AA is good.

#### Retail Banking Services

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.

The bank's delivery systems are reasonably accessible to essentially all geographies and individuals of different income levels in the Dallas Region AA, and particularly to those in low- and moderate-income geographies. BOT operates 14 full-service offices (1 main office and 13 branches), plus one loan production office in the Dallas Region AA. The percentage of the bank's offices located in low- and moderate-income CTs exceeds the portion of the population located in these geographies. Fourteen percent of the bank's offices are located in low-income CTs, compared to seven percent of the population that reside in these geographies. Offices located in moderate-income CTs represent 29 percent of the number of offices, in relation to 24 percent of the population. Two offices located in low-income CTs border other low- and moderate-income CTs. One office located in a moderate-income CT borders three other moderate- and three low-income CTs, respectively. In addition, another office located in a moderate-income CT borders another moderate-income CT, and is in close proximity to two low-income CTs. All offices are located on primary roadways, and are also easily accessible by an adequate public transportation system.

BOT's record of opening and closing branches is good and has improved the accessibility of delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. Nine new branches were added in the Dallas Region AA since the previous review. Six were the result of acquiring other financial institutions. One new branch is located in a low-income CT and three are in moderate-income CTs. The addition of these branches increases banking services and product availability to low- and moderate-income geographies and individuals. BOT has only closed one branch that was acquired through one of the acquisitions. The branch was located in an upper-income tract and closed due to poor customer accessibility. The closing had no adverse effect on low- or moderate-income geographies or individuals.

Twenty ATMs supplement the bank's Dallas Region AA delivery system. The dispersion of the ATMs represents a good distribution across the AA, particularly in the low- and moderate-income CTs. Three ATMs, 15 percent of the total, are situated in low-income geographies where 7 percent of the population resides. Another 7 ATMs, 35 percent of the total, are located in moderate-income geographies where 24 percent of the population resides. All ATMs are available 24-hours a day, seven days a week. Night deposit boxes are available at all branch locations.

BOT's other alternative delivery systems provide effective retail banking services to low- and moderate-income geographies and individuals, and to small businesses. BOT has a full-service telephone banking system known as *24-Hour Express Bank*. This service provides customers access to their accounts from anywhere, anytime, 24-hours a day, 365-days per year. Through this service customers can open accounts, apply for a loan, check balances, transfer money, order checks, or speak to an Express Banker about available products, services, and interest rates. Bilingual services are available. Internet banking and online PC banking, including electronic bill paying is also available to both individuals and small businesses. Customers can also bank-by-mail.

BOT's hours, services, and products offered do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income CTs and individuals. Banking hours, services, and products are virtually consistent throughout the assessment area, except for a minor difference in Saturday banking at one location in a moderate-income CT. The Royal Lane branch does not offer Saturday banking hours. This is due to the branch being situated in a highly industrial area. To mitigate this, the branch has a 24-hour full service ATM. Additionally, the branch offers a courier service to pick up deposits from nearby businesses that request the service. The single supermarket branch in the AA offers extended hours, including weekends and most holidays.

A variety of deposit and loan products, and business services are available at all BOT branch locations. Several products are responsive to the needs of low- or moderate-income individuals and small businesses. These products are not only targeted to low- and moderate-income individuals, but provide basic low cost banking products throughout the AA.

### **Free Checking**

The account requires a \$100 opening deposit and does not assess a monthly service fee. No minimum balance is required and the account has unlimited check writing privileges.

### **Senior Preferred**

The account is available to people age 55 and older and requires a \$100 deposit to open and has no monthly maintenance fee if an average of \$2,000 is maintained in any combination of accounts. A variety of free and or discounted services are included with this account.

### **Government Check Cashing**

BOT will cash government checks for non-customers for a \$2 flat fee with proper identification.

### **Small Business Checking**

This account is designed as a free account for businesses that have fewer than 150 transactions a month. Features include no monthly maintenance fee, free check imaging, and return check protection up to \$250.

### **Business Express/PC**

This product is tailored to small business customers. It allows small business clients the ability to transfer funds, provides direct payroll deposit, as well as account reporting and reconciliation services.

## Community Development Services

BOT has demonstrated a good level of community development services in the Dallas Region AA. Activities demonstrate the bank's commitment to its community primarily through providing technical assistance on financial and banking related matters. The bank's primary activities support affordable housing organizations, community development corporations, community service organizations, and organizations that promote and support small businesses.

Below are examples of the bank's involvement in community development services in the Dallas Region AA.

### **Dallas Youth Services Corporation**

A BOT officer is the Treasurer for this organization. The primary purpose of the organization is the elimination of unemployment or underemployment among young people. Training programs are provided to individuals between the ages of 17 and 24 that educate them in job skills, life skills, and work skills.

### **Grameen Foundation**

The bank's CRA officer serves on the advisory council of this nonprofit national foundation. The primary purpose of this foundation is to provide micro-loans to low-income individuals to start or build small businesses. The local chapter also has a program called the PLAN Fund. This is a micro-lending program that provides access to credit for the purpose of self-employment, attaining economic security, and simple business training for low-income individuals, primarily welfare dependent women and their families.

### **Sherman Economic Development Corporation (SEDC)**

A bank officer serves as Vice-Chairman of the Board for the SEDC. The geographies of the Sherman area are primarily low- and moderate-income. The SEDC promotes activities for revitalization and stabilization of the area. In 1999, the SEDC attracted a medical collections call center that created 147 new jobs. The SEDC is also responsible for attracting a new manufacturing company and the relocation of another one. Between the two, 80 new jobs were created.

### **Southern Dallas Development Fund (SDDF)**

A bank officer serves on the board of this community development financial institution. SDDF assists in the development and financing of small businesses, with an emphasis on minority-owned businesses, and the creation of jobs targeted to low- and moderate-income residents of Southern Dallas and the enterprise zone. SDDF seeks to stimulate the economic development of Southern Dallas by promoting business investment. SDDF makes loans to businesses that are not typically available to them by traditional methods.

### **Texoma Housing Finance Corporation**

A bank officer serves as President of this organization. The corporation promotes and supports affordable housing opportunities for low- and moderate-income individuals. Activities include issuing mortgage revenue bonds and enlisting lenders to participate by making home loans under the program. The program includes down payment and closing cost assistance to qualified buyers.

### **Vecinos Unidos**

A bank officer serves on the banking committee for this Dallas-based Community Development Corporation (CDC) and Community Development Housing Organization (CHDO). The primary purpose of this CDC/CHDO is to provide affordable housing for low- and moderate-income individuals and to revitalize low- and moderate-income CTs. The committees focus is getting other banks involved, assisting in purchasing available lots for development, review development plans, and seek financing opportunities.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Houston Region AA is not consistent with the bank's overall "High Satisfactory" performance under the Service Test. In the Houston Region AA the bank's performance is weaker than the bank's overall performance. The bank's lack of performance in this AA is mitigated by the fact that this AA was added in 2001 through the acquisition of another financial institution. The acquired bank previously established all of the branch locations. No additional branches or ATMs have been opened by BOT since the acquisition. Refer to Table 15 in appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/99 to 12/31/01) Investment and Service Tests and CD Loans: (04/12/99 to 04/15/02)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Bank of Texas (BOT) Dallas, Texas	HMDA Loans Small Business Loans CD Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Bank of Oklahoma Financial Corporation	Holding Company	None
Bank of Oklahoma	Mortgage Company	HMDA Loans Small Business Loans (originated in the Texas market)
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Dallas Region AA (Collin, Dallas, Denton, Grayson, and Tarrant Counties)	Full Scope	
Houston Region AA (Fort Bend & Harris Counties)	Limited Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

Dallas Region AA.....	B-2
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## Dallas Region AA

Demographic Information for Full-Scope Area: (Name of MA or Non-metropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	802	10.97	24.56	33.04	30.42	1.00
Population by Geography	3,655,495	7.19	23.81	37.83	31.15	0.02
Owner-Occupied Housing by Geography	765,722	3.74	18.52	38.84	38.91	0.00
Businesses by Geography	216,196	6.72	23.04	33.27	35.73	1.25
Farms by Geography	4,425	3.41	14.80	44.05	37.42	0.32
Family Distribution by Income Level	947,749	19.46	17.50	22.32	40.72	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	350,302	12.85	35.04	37.66	14.45	0.00
Median Family Income HUD Adjusted Median Family Income for XXXX Households Below the Poverty Level	= \$38,120 = \$62,406 = 10.62%	Median Housing Value Unemployment Rate				= 87,550 = 3.18%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The bank's AA in the Dallas Region consists of Collin, Dallas, Denton, Grayson, and Tarrant Counties. The Dallas Region AA includes the major cities of Dallas and Fort Worth along with all of the surrounding areas. The Dallas Region AA comprises 70 percent of BOT's rated area deposits and 84 percent of all reportable loans originated in the evaluation period. BOT ranks as the 12<sup>th</sup> largest commercial bank in the Dallas Region AA with a 2 percent market share. Local banking competition is aggressive and includes affiliates of large national banking companies, regional banks, numerous small community banks, credit unions, and non-bank financial service providers. The top five competitors in this market include: Bank of America, NA (21 percent market share), Bank One, NA (19 percent market share), Chase Manhattan Bank (10 percent market share), Wells Fargo Bank Texas, NA (5 percent market share), and Washington Mutual Bank, FA (4 percent market share). BOT operates 14 full-service branches and 20 ATMs within the Dallas Region AA.

### Population

The population living in the Dallas Region was 3,655,495 in 1990 and is projected to be 4,509,839 in 2000. The most dramatic population change is in the growth of the Hispanic population, increasing from 482,900 in 1990 to a projected 769,274 in 2000. The Asian/Pacific Islander population also reflected a dramatic 83 percent increase from 93,601 in 1990 to 170,820 in 2000.

The number of families in the Dallas Region AA was 947,749 in 1990 but is projected to be 1,151,690 in 2000, with 5 percent in low-income, 21 percent in moderate-income, 41 percent in middle-income and 33 percent in upper-income CTs, respectively. While the total number of families increased, the percentage of low-income families decreased from 20 percent in 1990 to a projected 19 percent in 2000. The percentage of moderate-income families increased during the same time period from 18 to 20 percent. Middle-income families increased from 22 to 24 percent, while upper-income families decreased from 41 percent to 38 percent of the population. The number of households in the Dallas Region AA is projected to have increased from 1,377,489 in 1990 to 1,721,145 in 2000, with 5 percent in low-income, 24 percent in moderate-income, 41 percent in middle-income and 30 percent in upper-income CTs, respectively. The number of low-income households is projected to have decreased from 21 percent in 1990 to 20 percent in 2000. The percentage of moderate-income households is projected to have increased during the same time period from 17 percent to 18 percent. Middle-income households increased from 20 percent to 21 percent and upper-income households decreased from 42 percent to 41 percent.

### **Dwellings**

In 1990, housing stock in Dallas was 1,434,715 with 34,916 of those being mobile homes and trailers. In the *2002 State of Texas Low-Income Housing Plan and Annual Report*, it is noted that household growth is growing at a faster pace than population growth and that 60 percent of the State's households had sufficient income to afford the median-priced home. The 2000 census reported 8.2 million housing units in the State with 91 percent of these occupied. The report states that there is a shortage of affordable housing in the extremely low, very low, low, and moderate-income brackets. In 2001, the Texas Department of Housing and Community Affairs Consolidated Plan Community Needs Survey noted that there was a distinct preference for single-family housing over multi-family housing. The respondents also placed a higher emphasis on construction and rehabilitation activities than on assisting individuals with purchasing and making payments on a home.

Fair market rents in Collin, Dallas and Denton Counties range from \$562 for an efficiency to \$1,358 for a four bedroom apartment. In Tarrant County they range from \$479 to \$1,111, and in Grayson County from \$286 to \$721.

### **Median Housing Price**

According to the Texas A & M Real Estate Center, the average housing price in Collin, Dallas, and Denton Counties during 2000 was \$171,800. The percentage of households that are reported to be able to afford a median-priced home is 56 percent in Dallas County, 63 percent in Denton County, and 67 percent in Collin County. The average housing price in Tarrant County during 2000 was \$105,500. The percentage of households that are reported to be able to afford a median-priced home is 72 percent in Arlington and Fort Worth, the two major cities in Tarrant County. The average housing price in Grayson County, which is in the Sherman-Denison MSA was \$87,900 during 2000, where 71 percent of the households were able to afford the median-priced home.

## **Employment**

The State's unemployment rate as of December 2001 is 5.7 percent. In Collin, Dallas, Denton Counties which are in the Dallas MSA, unemployment was reported at 5.6 percent. Tarrant County, in the Fort Worth-Arlington MSA, reported 4.7 percent unemployment. Grayson County, in the Sherman-Denison MSA, reported one of the State's highest unemployment rates at 6.5 percent.

In 2001, Dun & Bradstreet reported that there were 216,196 businesses in the Dallas Region AA. Of these, 7 percent were in low-income CTs, 23 percent were in moderate-income, 33 percent were in middle-income, and 36 percent were in upper-income CTs, respectively. The remaining one- percent was in a geography that does not have an assigned income classification. There were 184,430 businesses with gross annual revenues less than \$1 million. The two major industries in the Dallas Region AA were services at 42 percent and retail trade at 21 percent.

BOT's business strategy centers on residential construction and commercial lending activities. In recent years the structure of the bank has changed to adopt a community bank versus branch banking philosophy. Additionally, the CRA function has been expanded into a Community Development Department with a focus on affordable housing and serving the lending and deposit needs of non-profit and religious based organizations.

A review of seven community contacts conducted within the Dallas Region AA indicates that opportunities exist to participate in community development lending, investment, and service activities. Primary needs mentioned included affordable housing, economic development, home improvement loans for existing housing stock, start-up funding for small businesses, and loans to rehabilitate existing commercial buildings.

## Appendix C: Tables of Performance Data

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### 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 the Examination). 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.

**Institution ID:** 10000018307 **BANK OF TEXAS, N.A.**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: TEXAS						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
MA/Assessment Area (2001):	% 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)	
<b>Full Review:</b>												
DALLAS REGION	83.92	995	155,854	2,894	342,938	33	1,711	186	28,010	4,108	528,513	70.18
<b>Limited Review:</b>												
HOUSTON REGION	16.08	204	17,135	544	35,286	1	22	38	15,841	787	68,284	29.82

\* 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 April 12, 1999 to April 15, 2002.

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

**Institution ID:** 10000018307 **BANK OF TEXAS, N.A.**

**Table 1. Other Products**

LENDING VOLUME		Geography: TEXAS						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001						
MA/Assessment Area (2001):	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>														
DALLAS REGION	0.00	0	0	0	0	0	0	0	0	0	0	0	0	70.18
<b>Limited Review:</b>														
HOUSTON REGION	0.00	0	0	0	0	0	0	0	0	0	0	0	0	29.82

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

\*\* The evaluation period for Optional Product Line(s) is From January 01, 1999 to December 31, 2001.

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

**Institution ID:** 10000018307 **BANK OF TEXAS, N.A.**

**Table 1. Other Products**

LENDING VOLUME		Geography: TEXAS		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001	
MA/Assessment Area (2001):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
DALLAS REGION	0	0	0	0	0
<b>Limited Review:</b>					
HOUSTON REGION	0	0	0	0	0

\* The evaluation period for Optional Product Line(s) is From January 01, 1999 to December 31, 2001.

Institution ID: 1000018307 BANK OF TEXAS, N.A.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: TEXAS					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	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						
<b>Full Review:</b>																
DALLAS REGION	420	87.32	3.74	2.38	18.52	9.76	38.84	28.10	38.91	59.76	0.03	0.05	0.02	0.02	0.03	
<b>Limited Review:</b>																
HOUSTON REGION	61	12.68	5.31	1.64	20.90	1.64	32.83	27.87	40.97	68.85	0.00	0.00	0.00	0.00	0.00	

\* 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.

Institution ID: 10000018307 BANK OF TEXAS, N.A.

**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***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DALLAS REGION	306	78.46	3.74	1.96	18.52	9.80	38.84	22.22	38.91	66.01	0.54	1.05	0.27	0.34	0.69
<b>Limited Review:</b>															
HOUSTON REGION	84	21.54	5.31	3.57	20.90	11.90	32.83	32.14	40.97	52.38	0.00	0.00	0.00	0.00	0.00

\* 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.

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**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				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
DALLAS REGION	254	81.15	3.74	0.79	18.52	7.48	38.84	24.80	38.91	66.93	0.04	0.00	0.03	0.02	0.06						
<b>Limited Review:</b>																					
HOUSTON REGION	59	18.85	5.31	0.00	20.90	5.08	32.83	27.12	40.97	67.80	0.00	0.00	0.00	0.00	0.00						

\* 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.

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**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	Over all	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
DALLAS REGION	15	100.00	11.13	26.67	30.00	20.00	38.60	26.67	20.27	26.67	2.11	4.35	1.43	0.00	4.00									
<b>Limited Review:</b>																								
HOUSTON REGION	0	0.00	10.00	0.00	34.53	0.00	32.42	0.00	23.05	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.

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**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES 2001			Geography: TEXAS								Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31,				
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 Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DALLAS REGION	2,894	84.18	6.72	7.71	23.04	35.28	33.27	21.25	35.73	34.69	1.34	2.32	2.25	0.92	1.20
<b>Limited Review:</b>															
HOUSTON REGION	544	15.82	5.88	9.93	24.96	17.28	31.21	30.33	37.70	42.46	0.01	0.06	0.01	0.00	0.00

\* 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).

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**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS 2001		Geography: TEXAS						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31,							
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overa II	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DALLAS REGION	33	97.06	3.41	0.00	14.80	6.06	44.05	75.76	37.42	18.18	3.42	0.00	2.04	5.70	1.65
<b>Limited Review:</b>															
HOUSTON REGION	1	2.94	2.69	0.00	16.89	0.00	37.03	100.00	43.39	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).

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**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****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DALLAS REGION	420	87.32	19.46	4.57	17.50	14.47	22.32	15.23	40.72	65.74	0.03	0.00	0.01	0.01	0.06
<b>Limited Review:</b>															
HOUSTON REGION	61	12.68	22.36	6.56	16.52	16.39	20.25	22.95	40.87	54.10	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 5.41% 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.

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**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: TEXAS				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****						
<b>Full Review:</b>																
DALLAS REGION	306	78.46	19.46	5.07	17.50	6.16	22.32	13.04	40.72	75.72	0.44	0.10	0.35	0.26	0.56	
<b>Limited Review:</b>																
HOUSTON REGION	84	21.54	22.36	7.69	16.52	15.38	20.25	25.64	40.87	51.28	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 9.23% 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.

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**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE 2001		Geography: TEXAS						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31,							
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****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DALLAS REGION	254	81.15	19.46	2.15	17.50	7.73	22.32	18.45	40.72	71.67	0.04	0.00	0.00	0.02	0.09
<b>Limited Review:</b>															
HOUSTON REGION	59	18.85	22.36	3.57	16.52	7.14	20.25	21.43	40.87	67.86	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 7.67% 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.

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**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES 2001			Geography: TEXAS				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31,		
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****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
DALLAS REGION	2,894	84.18	85.31	44.75	74.64	12.85	12.51	1.34	1.65
<b>Limited Review:</b>									
HOUSTON REGION	544	15.82	84.96	68.93	87.13	7.54	5.33	0.01	0.00

\* 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 16.72% of small loans to businesses originated and purchased by the bank.

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**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS			Geography: TEXAS			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001			
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
DALLAS REGION	33	97.06	89.83	69.70	87.88	12.12	0.00	3.42	4.58
<b>Limited Review:</b>									
HOUSTON REGION	1	2.94	89.22	100.00	100.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 23.53% of small loans to farms originated and purchased by the bank.

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**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: TEXAS										Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001							
MA/Assessment Area:	Geographic Distribution										Borrower Distribution								
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans	
<b>Full Review:</b>																			
DALLAS REGION	0	0.00	6.39	0.00	23.26	0.00	39.05	0.00	31.30	0.00	21.32	0.00	16.86	0.00	20.28	0.00	41.54	0.00	
<b>Limited Review:</b>																			
HOUSTON REGION	0	0.00	8.05	0.00	26.03	0.00	33.16	0.00	32.75	0.00	23.24	0.00	16.24	0.00	19.23	0.00	41.29	0.00	

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of Households is based on the 1990 Census Information.

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**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: TEXAS				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
DALLAS REGION	10	258	80	10,720	90	10,978	90.89	0	0
<b>Limited Review:</b>									
HOUSTON REGION	0	0	3	1,100	3	1,100	9.11	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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: TEXAS				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
DALLAS REGION	70.18	14	67	14.29	28.57	7.14	50.00	9	1	1	3	1	3	7.19	23.81	37.83	31.15
<b>Limited Review:</b>																	
HOUSTON REGION	29.82	7	33	0.00	0.00	42.86	57.14	7	0	0	0	3	4	8.49	27.01	32.95	31.55