



## Public Disclosure

June 7, 1999

### Community Reinvestment Act Performance Evaluation

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

2020 Ross Avenue  
Dallas, Texas 75201

Office of the Comptroller of the Currency  
Central District Office  
One Financial Place  
440 S. LaSalle Street Suite 2700  
Chicago, Illinois 60605

**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.

## Table of Contents

<b>General Information</b> . . . . .	1
<b>Definitions and Common Abbreviations</b> . . . . .	2
<b>Overall CRA Rating</b> . . . . .	5
<b>Institution Description..</b> . . . .	6
<b>Evaluation Scope...</b> . . . . .	7
<b>Fair Lending Review</b> . . . . .	8
<b>Conclusions with Respect to Performance Tests</b>	
Lending Test . . . . .	8
Investment Test . . . . .	13
Service Test . . . . .	15
<b>Appendix A: Evaluation Scope</b> . . . . .	18
<b>Appendix B: Market Profiles for Areas Receiving Full-Scope Reviews</b> . . . . .	19
<b>Appendix C: Tables of Performance Data</b> . . . . .	24

## 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 **Northern Trust Bank of Texas, National Association** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **June 7, 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 Northern Trust Bank of Texas, National Association (NTBT), with respect to the Lending, Investment, and Service Tests:

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

- < NTBT has established an adequate record of lending among geographies and borrowers of various income and revenue levels.
- < NTBT provides adequate retail services, which are reasonably accessible to persons and entities of various income levels in NTBT’s two assessment areas. Accessibility continues to be more favorable to middle- and upper-income geographies.
- < NTBT provided, during the evaluation period, an adequate level of community development loans and services throughout its assessment areas.
- < NTBT provides a good level of investments to address affordable housing and economic development needs identified in its assessment areas.

## Institution Description

NTBT is headquartered in Dallas, Texas, with total assets of \$586 million.

NTBT operates in two markets. Most operations are in Dallas County where NTBT has three full service branches and two ATMs. NTBT also operates four full service branches and four ATMs in Harris County.

NTBT is a wholly owned subsidiary of the Northern Trust Corporation (NTC). NTC is a \$27.9 billion, multi-bank holding company with banking and trust operations in Arizona, California, Florida, Illinois and Texas. NTC acquired NTBT in June 1989. The Park Cities branch opened in June 1990. NTC acquired Bent Tree National Bank and merged it into NTBT in March 1997. Harris County acquisitions included Heritage Trust Company in October 1990 and Tanglewood Bank in 1995. The River Oaks location was opened in 1993. All acquired institutions had trust as its primary focus.

Net loans represent 119% of deposits as of March 31, 1999. The loan portfolio consists of 63% home mortgage related loans, 18% consumer loans, 12% commercial loans, 4% other real estate loans and 3% real estate development loans. Tier 1 capital is \$61.8 million, representing 11% of total assets.

NTBT's principal focus is the trust business. NTBT manages trust assets of \$3.9 billion. This is more than seven times greater than the \$512 million loan portfolio. NTBT's overall goal is to be recognized as the premier provider of highly personalized fiduciary, investment, credit and deposit services. NTBT has established itself as a trust bank and not a traditional retail bank. NTBT provides loans and deposit products, primarily as accommodations for trust customers or prospects. Loan and deposit products are also used as lead products for soliciting relationships with major trust potential. NTBT chooses to compete on the basis of comprehensive relationships and quality of service. With the exception of affordable mortgage products, no standardized loan products exist, since all transactions are custom designed based upon each client's needs and preferences. NTBT does not hold itself out to the retail public as a traditional loan products provider. NTBT does not actively use TV, radio or newspaper advertising and there are no signs in the institution's window or billboards advertising bank services.

There are no legal impediments that impact NTBT's ability to meet credit needs in its assessment areas (AA).

The OCC assigned a rating of "satisfactory record of meeting credit needs" during the previous CRA evaluation dated April 30, 1997.

## Evaluation Scope

### 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 purchase loans.

The evaluation period for the Investment and Service Tests was April 30, 1997 to June 7, 1999. The Investment Test included reviews of investments, grants, and donations made in the bank's assessment areas that meet the definition of community development investments. The Service Test included reviews of retail and community development services provided in the bank's assessment areas (AAs).

### Data Integrity

Prior to this CRA examination, OCC personnel performed a review to determine the accuracy of lending-related data supplied by NTBT. That review found the data to be reliable. No significant inaccuracies were revealed. As a result, publicly reported lending data is also considered accurate.

### Areas Selected for Full-Scope Review

Resources were available during this examination to perform full-scope reviews for all bank assessment areas. The bank has two assessment areas. Dallas County has 63% of total NTBT deposits, and Harris County has 37% of total NTBT deposits. Please refer to the table in Appendix A for more information.

### Ratings

NTBT's overall rating is based upon the bank's performance in its two assessment areas. Both assessment areas received a full-scope review. We weighted the bank's performance in the Dallas County assessment area more heavily than performance in the Harris County assessment area. Dallas County is the bank's primary market.

### Other

The OCC and other regulators have recently contacted numerous community groups in both the Dallas County and Harris County assessment areas. These

contacts included community development corporations, affordable housing organizations, and small business development groups. We also discussed opportunities with the OCC's Southwestern District Community Reinvestment Development Specialist. The purpose of these contacts was to develop a community profile, identify community credit needs, and determine opportunities for financial institutions' participation by in helping 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, we noted home buyer assistance programs and improved personal service for small businesses as needs.

## **Fair Lending Review**

The scope of this examination's fair lending review was limited to a technical review of compliance with antidiscrimination laws and regulations. We found no evidence of discriminatory practices or violations of law or regulation. We did not perform a comparative file review 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**

NTBT's performance under the Lending Test is rated "Low Satisfactory." Based on full-scope reviews, NTBT's performance in all assessment areas is adequate. Variations in lending and among lending products are described below.

#### **Lending Activity**

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

NTBT demonstrated an adequate responsiveness to the assessment area credit needs through the number of home purchase loans and small business loans originated during the evaluation period. The home purchase loans are weighted heavily since they are the bank's primary focus. Home improvement, refinance, and small business loans are available. These loans are mainly made as a bank customer accommodation. They are designed to meet the customer's specific needs. Since the bank does not have a significant volume of these loans, it has a

low volume of these loans when compared to the market and its competitors. The bank's loan to deposit ratio, as of March 31, 1999, was 119%.

Table 1 in Appendix C shows that the bank's principal focus is residential real estate loans. Loan volumes originated for home mortgage activity are three times the number of small business loan originations. As noted in the institution's description, home mortgage related loans represent 63% of the loan portfolio, while commercial lending represents 12% of the portfolio. Home mortgage loans are carried on the bank's balance sheet and not sold in the secondary market. We did not analyze small farm loans. They are not one of the bank's business lines.

A substantial portion of NTBT's loans are made within its AA. The average percentage of loans to deposits for 1998 was 123%. NTBT's assessment area presence is less than 1% of the market. In Dallas County, the bank has 0.65% of the deposit market share, 0.16% of the market for originated home purchase loans and 0.17% of the market for small business loans. In Harris County, the bank has 0.38% of the deposit market share, 0.09% of the market for home purchase loans and 0.07% of the market for small business loans. The bank's trust customers are also bank depositors.

NTBT recognizes that its narrow trust-oriented principal market focus necessitates an outreach program for low- and moderate-income individuals and geographies in the bank's assessment area. The bank has established relationships with community groups to promote its affordable housing programs. In Dallas County, the bank works with Dallas Habitat for Humanity, Community Housing Fund, and St. Phillip School and Community Center. Each organization promotes and facilitates affordable housing for low- and moderate-income individuals and geographies. In Harris County, the bank works with Habitat for Humanity and Freedman's Town Association to promote affordable housing programs and economic redevelopment.

Community development lending volume is adequate and represented 4.2% of tier one capital at December 31, 1998.

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

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

Refer to Tables 2, 3 and 4 In Appendix C for the data used to evaluate the geographic distribution of NTBT's home purchase loan originations.

The bank's market share is not significant since it represents less than 1%. Consequently, it was not included in the bank's performance analysis. There are no conspicuous lending gaps.

### **Dallas County**

NTBT's geographic distribution of home purchase 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 adequate.

NTBT's home mortgage lending to individuals living in low-income census tracts is excellent compared to the level of owner-occupied housing units located in the designated tracts. Home purchase loans were given significant weight, since they are the product the bank focuses on.

NTBT's home mortgage lending in moderate-income census tracts is poor compared to the level of owner-occupied units.

### **Harris County**

NTBT'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 overall assessment of home mortgage loans' geographic distribution in both assessment areas 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.
- < NTBT's branch network is limited. The branches are located in the North part of Dallas County and the West part of Harris County where there are higher concentrations of middle- and upper-income census tracts.

### ***Small Business Loans***

Refer to Table 5 In Appendix C for the data used to evaluate the geographic distribution of NTBT's small business loan originations.

The bank's market share is not significant since it represents less than 1%. Consequently, it was not included in the bank's performance analysis.

### **Dallas County**

NTBT's lending to small businesses located in low- and moderate-income census tracts is adequate compared to the percentage of businesses located within these tracts. The bank's performance is strongest in moderate-income census tracts which have a higher concentration of businesses than the low-income tracts.

### **Harris County**

NTBT's lending to small businesses located in low- and moderate-income census tract is adequate compared to the percentage of businesses located within these tracts.

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

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

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

NTBT's lending to low-income individuals is good. It closely mirrors the percentage of low-income borrowers. Lending to moderate-income individuals is adequate.

The bank targeted home purchase loans as its primary product to facilitate affordable housing purchases. The loans were targeted to low- and moderate-income individuals through organizations that create or assist individuals in obtaining affordable housing.

### **Dallas County**

NTBT's lending to low-income individuals is good. It exceeds the percentage of low-income borrowers. Lending to moderate-income individuals is adequate. There was no loan penetration in the other real estate related loan categories.

### **Harris County**

NTBT's lending to low-income individuals is poor. It is lower than the percentage of low-income borrowers. Lending to moderate-income individuals is adequate. There was no loan penetration in the other real estate related loan categories.

The overall assessment of home purchase lending distribution by income level of the borrower in Harris County is mitigated to a degree. The demographic data shows that of the households residing in low- and moderate-income tracts in Harris County the poverty level is high at 38% and 21%, respectively. This can pose a serious barrier to qualifying for a mortgage loan.

### ***Small Business Loans***

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

#### **Dallas County**

NTBT's lending to businesses with revenues of \$1 million or less is adequate. Approximately 45% of the reportable loans were to businesses of this revenue size. This is not significantly higher than originations made by all other lenders in the assessment area. It is significantly lower than the number of businesses in the Dallas County area with similar revenues. The majority of small business loans originated are in amounts less than \$100,000.

#### **Harris County**

NTBT's lending to businesses with revenues of \$1 million or less is poor. Approximately 38% of the reportable loans were to businesses of this revenue size. This is significantly lower than originations made by all other lenders in the assessment area. Both are lower than the number of businesses in the Harris County area with similar revenues. The majority of small business loans originated are in amounts less than \$100,000.

### **Community Development Lending**

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

#### **Dallas County**

NTBT has a good level of community development loans within the Dallas County assessment area. The bank originated fourteen community development loans

totaling \$1.9 million in 1997 and 1998. It made seven loans totaling approximately \$1.3 million to organizations that focus on revitalizing and stabilizing the community. The loans to the Black State Employees of Texas provided the purchase and redevelopment of commercial property as a retail center in south Dallas. Five loans totaling \$619,000 were used to provide or rehabilitate affordable housing primarily for low- and moderate-income persons. Four of these loans went to Habitat for Humanity to fund construction costs to build affordable housing. In addition, NTBT made two loans totaling \$60,000 to organizations providing qualified services primarily to low- and moderate-income individuals and families.

NTBT has demonstrated its efforts to maintain a good level of community development lending within the Dallas County and Harris County assessment areas.

### **Harris County**

NTBT has made an adequate level of community development loans within the Harris County assessment area. The bank originated five community development loans totaling \$651,000 in 1998. One \$300,000 loan went to the Houston Habitat for Humanity to provide or rehabilitate affordable housing primarily for low- and moderate-income persons. A \$250,000 loan is a pro-rata share of a loan to Tejano Center for Community Concerns, Inc. to purchase real estate to house an elementary, middle, and high school. Tejano Center is involved in schools that target at risk middle school youth in east Houston. It is a certified Community Development Housing Organization. It operates a clinic that provides low cost health services and it targets low income families for Early Childhood Development. Southeast Houston represents a traditionally under served area.

From January 1999 to May 1999, the bank made loans totaling \$613,000 to support affordable housing projects in the Harris County assessment area. The loans could not be considered for this evaluation period. Regardless, NTBT has demonstrated its efforts to maintain a good level of community development lending within the Harris County assessment area.

### **Product Innovation and Flexibility**

NTBT has demonstrated its ability to create innovative lending programs. In connection with Habitat for Humanity, the bank pioneered a new program called Banking on Habitat III. Under this program, the bank will purchase six Habitat mortgage notes at a price that yields the 10-year Treasury rate as compared to

the imputed yield of the previous Banking on Habit II. The total commitment amount is not limited to dollar size. Habitat builds homes for low-income families.

NTBT has developed a flexible product to address affordable housing needs. The program features 95% financing, no bank fees, no private mortgage insurance, and a low interest rate to a home buyer. The maximum annual income for each county is below the HUD adjusted median family income for 1999. This program is available in both assessment areas.

## **INVESTMENT TEST**

NTBT's performance under the Investment Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in Dallas County and in Harris County is good.

Refer to Table 10 In Appendix C for the data used to evaluate the bank's level of qualified investments.

NTBT provided a good level of qualified investments based on its size, financial capacity, and assessment area opportunities. Qualified investments are investments, deposits, membership shares, or grants that have as their primary purpose "community development" as defined in the CRA regulation. NTBT has made 69 qualified investments totaling \$1.2 million during the evaluation period. The investments are distributed throughout the two assessment areas, with 61% of the dollar amount in Harris County.

The majority of the dollar amount of investments is used to finance affordable housing projects and the revitalization of various communities. NTBT has purchased a \$500,000 equity investment in the National Equity Fund. The Fund's primary focus is working with corporations and community development corporations to rebuild entire neighborhoods in the city of Houston. NTBT also invested \$150,000 in Intrust USA, Ltd. (Intrust). It is certified as a Community Development Financial Institution. Intrust is a financial intermediary that invests in small businesses in support of economic development and job creation in federally designated Houston Empowerment zones.

In addition, most investments (58%) are in the Dallas County AA. These investments consist of grants, a mortgage-backed security, and a \$10 thousand equity investment in Southern Dallas Development Corporation (SDDC). This is a carryover from a prior period. During the examination, the bank increased its equity by \$150,000. SDDC is a nonprofit community development financial

institution that promotes economic development in southern Dallas through its business loan programs.

### **Dallas County**

NTBT provided 40 qualified investments and grants totaling \$454,000 in the Dallas County assessment area. The bank has invested \$362,000 in a targeted FNMA mortgage-backed security. Additionally, grants have been provided to many not-for-profit organizations throughout the bank's assessment area. These organizations serve the needs of low- and moderate-income individuals and families. Examples of these groups are the St. Philip's School and Community Center, Dallas Area Habitat for Humanity, and Avangard Real Estate Services. Each of these organizations facilitates affordable housing in the assessment area.

### **Harris County**

NTBT has provided 29 qualified investments, donations, and grants totaling \$706,000 in the Harris County assessment area. Investments include a \$500,000 investment in the National Equity Fund and a \$150,000 investment in Intrust. In addition, donations and grants have been provided to not-for-profit organizations throughout the Harris County assessment area. These groups include selected services of Private Sector Initiatives, Houston Area Habitat for Humanity, Accion Texas, and KIPP Academy. Each of these organizations facilitates affordable housing or revitalizes and stabilizes a low- and moderate-income area.

### **SERVICE TEST**

NTBT's performance under the Service Test is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in all assessment areas is adequate. All services are at least reasonably accessible to individuals and geographies of different income levels within its assessment areas.

### **Retail Banking Services**

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

### **Dallas and Harris Counties**

NTBT has seven branch offices within its identified assessment areas (Dallas County in the Dallas MSA, and Harris County in the Harris MSA). The bank has three branch offices in the Dallas MSA. One branch is in downtown Dallas and

two are within the city of Dallas. The two Dallas branch offices each have a motor bank and an on-premises ATM. Harris County has four branch offices. One branch is downtown and three are located throughout the city. The three Houston branch offices each have a motor bank and an on-premises ATM.

The branch distribution in the Dallas County and Harris County assessment areas favor upper-income geographies. NTBT only has one branch office in a low-income geography, two branch offices in middle-income geographies, and four branch offices in upper-income geographies. One branch office in a middle-income geography was an acquired institution. The acquisition occurred in 1997. The institution was targeted because of its trust business and/or geographic proximity to trust prospects. The bank does not have any branch offices in moderate-income geographies.

In the Dallas County assessment area, 10% of the population is in a low-income geography, while the bank has 33% of its branches in a low-income census tract. The Dallas County branch distribution compares favorably with the population. The Harris County assessment area does not have any branches in low-income census tract. The bank does not have any branches in a moderate-income census tract.

The quality and quantity 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. NTBT offers the same banking services throughout each of its offices. All of the branches are full service.

### **Alternative Delivery Systems**

NTBT has six proprietary ATMs throughout its assessment area, one of which is in the Texas Scottish Rite Hospital for Children. All six ATMs provide 24-hour banking services. Bank clients can access their accounts at any ATM worldwide that participates in the CIRRUS or PULSE network. For this service, the bank does not charge its clients any fee for ATM transactions at other institutions.

Besides the actual branches and ATMs, some services are accessible through the telephone banking service and PC banking. All of the bank's services are general and not specifically tailored for a particular geography. However, NTBT has extended Friday lobby and Saturday drive-in services available. 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. NTBT offers the same standard range of banking services throughout each of its offices.

Significant weight could not be placed on the alternative delivery system. The affect on low- and moderate-income individuals and geographies could not be determined since the bank did not have any available data.

## **Community Development Services**

NTBT provides a good level of community development services in the Dallas and Harris County assessment areas. These services target affordable housing. It is an identified need in both assessment areas. Community development services include providing technical assistance on financial matters to not-for-profit organizations which serve low- and moderate-income individuals/families, and to other groups or small businesses that promote community revitalization, community development, or affordable housing. NTBT also provides financial planning to individuals/groups and provides home ownership counseling to individuals and groups, primarily focusing upon those in low- and moderate-income circumstances or neighborhoods. These services benefit the bank's assessment areas. Some examples of these services are detailed below.

**Not-for-Profit Assistance** - Through board and/or committee participation, NTBT employees provide technical expertise to not-for-profit organizations providing community development revitalization or stabilization services/activities for low- and moderate-income groups. The not-for-profit organizations include: Adopt-A-Block, Center for NonProfit Management, Housing Crisis Center, Southern Dallas Development Corporation, and Aspiring Youth Foundation.

**Home Buyer Education Programs** - NTBT employees actively provide home ownership counseling and financial planning to low- and moderate-income persons. Bank officers participate on affordable housing related organizations boards or committees. They also coordinate or participate in seminars that provide home ownership counseling. In addition, they also provide these seminars in Spanish. These organizations include: Dallas and Houston Area Habitat for Humanity, Dallas Affordable Housing Coalition, Shared Housing, CASA USA, and Greater Houston Urban Redevelopment Corporation.

**Credit and Financial Counseling** - NTBT employees sit on the boards and committees of several organizations that provide credit and financial counseling to low- and moderate-income groups. The organizations include: Black State Employees Association of Texas, St. Philips School & Community Center,

Consumer Credit Counseling, CASA USA, YouthBuild Houston, and The Lighthouse of Houston.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliates 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").

<b>Time Period Reviewed</b>	Lending Test: January 3, 1997 to December 28, 1998 Investment Test: April 30, 1997 to June 7, 1999 Service Test: April 30, 1997 to June 7, 1999	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Northern Trust Bank of Texas, N.A., Dallas, Texas (NTBT)	Small Business loans, Home purchase loans, and Community Development loans, and investments; and retail and community development services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA - No affiliate lending was evaluated	NA	NA
List of Assessment Areas and Type of Examination		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Dallas County, Texas	Full-Scope	
Harris County, Texas	Full-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

---

### Table of Contents

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

Dallas County AA .....	22
Harris County AA .....	24

## 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 1999	= \$58,200	Unemployment Rate (December 31, 1998)		= 3.9%		
Households Below the Poverty Level	= 11.55%					

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

The Dallas County assessment area has 63% of the bank's deposits and 54% of the bank's loans. Deposit data as of June 30, 1998 indicates NTBT has a 0.65% market share in Dallas County. A full-scope review was conducted of the Dallas County AA.

NTBT has three branches and three ATMs in the Dallas AA. One branch is in a low income geography, one is in a middle- and one is in an upper-income geography. The bank has an ATM in a low-income, middle-income and an upper-income geography.

NTBT's primary strategic focus is trust business. However, NTBT also focuses on residential real estate lending, more specifically home purchase loans, in response to identified community credit needs. Strong competition comes from Chase, Bank of America, Bank One and The Money Store. These lenders dominate the home improvement loan market. Competition also comes from area mid-sized banks such as North Dallas Bank and Trust, Bank of Texas 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.

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 was 3.9%. This is significantly below both the state and national figures of 4.4% and 4.3%, respectively. The Dallas County AA unemployment level trend is improving. Unemployment was 4.4% as of December 31, 1997.

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

The OCC and other regulators have discussed investment opportunities with numerous community contacts. These contacts indicate there is a high level of investment opportunities within the Dallas County AA. Investment opportunities are in small business development, affordable housing, and rehabilitation of existing homes. Contacts included community development corporations, affordable housing organizations and small business development groups. Additionally, we noted home buyer assistance programs and improved personal service for small businesses as needs.

## Harris County Assessment Area

Demographic Information for Full-Scope Area: Harris County Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	582	12.54	30.76	29.04	25.26	2.41
Population by Geography	2,818,199	9.07	28.71	32.36	29.86	0
Owner-Occupied Housing by Geography	1,173,808	5.76	22.64	32.26	39.34	0
Businesses by Geography	126,353	7.17	28.82	29.38	34.36	18.76
Farms by Geography	1,603	3.93	21.06	36.12	37.99	7.42
Family Distribution by Income Level	708,831	23.16	16.84	20.13	39.87	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	283,486	15.91	40.97	14.98	12.90	0
Median Family Income	= \$39,468	Median Housing Value		= \$75,454		
HUD Adjusted Median Family Income for 1999	= \$54,100	Unemployment Rate (December 31, 1998)		= 3.8%		
Households Below the Poverty Level	= 13.69%					

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

The Harris County AA has 37% of the bank's total deposits and 46% of loans. Deposit data as of June 30, 1998, showed NTBT had a 0.38% market share in Harris County. We conducted a full-scope review of the Harris County AA.

The bank operates four branches and four ATMs in the Houston AA. The downtown branch is in a middle-income geography. The other three are located in the upper-income geography. This area is on the west side of Harris County. One ATM is located in a low-income geography, one is in a middle-income geography and two are in an upper-income geography.

NTBT's primary strategic focus is providing trust services. However, NTBT also focuses on residential real estate lending, more specifically home purchase loans, in response to identified community credit needs. Strong competition comes from Chase, Bank of America, Bank One and The Money Store. These lenders dominate the home improvement loan market. Competition also comes from area banks such as Southwest Bank, Sterling Bank, and Unity Bank. Nontraditional sources, including mortgage companies, finance companies, securities firms, and credit unions are also heavily concentrated in the assessment area.

A large percentage of Harris County low and moderate income tracts are concentrated in the county's east and northeast sections. The Harris County

economy is strong. The government is the county's largest employer, followed by manufacturing, construction and mining. In the private service-producing sector, services and retail/wholesale trade are the two largest employers. There has been steady employment increase in all sectors except mining and finance/insurance/real estate. The Harris County unemployment rate, currently at 3.7%, has been declining.

The OCC and other regulators have discussed investment opportunities with numerous community contacts. These contacts indicate there is a high level of investment opportunities within the Harris County AA. Investment opportunities are in 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, we noted home buyer assistance programs and improved personal service for small businesses as needs.

## 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 ATMs 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	63%	227	\$98,863	74	\$12,026	0	\$0	14	\$1,900	320	\$112,890	54.79%				
Harris County	37%	204	\$80,099	55	\$9,437	0	\$0	5	\$651	264	\$90,187	45.21%				
Limited-Scope:																

**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%	20%	21%	5%	40%	12%	33%	63%	116	0.16	1.46	.07	.05	.22	130	49%
Harris County	6%	1%	23%	7%	32%	13%	39%	79%	129	.09	0	.03	.03	.15	135	51%
Limited-Scope:																

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

**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%	0%	21%	5%	40%	10%	33%	85%	49	.19	0	0	.08	.40	40	69%
Harris County	6%	0%	23%	0%	32%	0%	39%	100%	85	.08	0	0	0	.17	18	31%
Limited-Scope:																

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

**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%	2%	21%	6%	40%	11%	33%	82%	59	.53	0	.20	.19	.87	54	51%
Harris County	6%	0%	23%	0%	32%	2%	39%	98%	70	.37	0	0	.04	.64	51	49%
Limited-Scope:																

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

**Table 5. Geographic Distribution of Small Business Loan Originations**

Geographic Distribution: SMALL business				State: TEXAS				Evaluation Period: JANUARY 3, 1997 TO DECEMBER 31, 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	7%	3%	29%	26%	34%	16%	28%	49%	31	0.17	0.07	0.17	0.07	0.25	74	57%
Harris County	7%	4%	29%	15%	29%	11%	34%	71%	41	0.07	0	0.04	0.04	0.11	55	43%
Limited-Scope:																

(\*) Based on 1997 Aggregate Small Business Data 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%	23%	19%	8%	22%	2%	37%	62%	116	.16	.34	.11	.01	.33	131	49%
Harris County	23%	9%	17%	10%	20%	4%	40%	73%	129	.09	.05	.02	.04	.20	135	51%
Limited-Scope:																

(\*) As a percentage of loans with borrower income information available. No information was available for 4.41% of loans originated by NTBT.

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

**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%	0%	22%	0%	37%	95%	49	.19	0	0	0	.43	40	69%			
Harris County	23%	0%	17%	0%	20%	0%	40%	100%	85	.08	0	0	0	.16	18	31%			
Limited-Scope:																			

(\*) As a percentage of loans with borrower income information available. No information was available for 4.41% of loans originated by NTBT.

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

**Table 8. Borrower Distribution of Home Mortgage Refinance Loan Originations**

Borrower Distribution: HOME MORTGAGE REFINANCE																State: OKLAHOMA		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 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%	96%	59	.53	0	0	0	1.14	54	51%			
HARRIS COUNTY	23%	0%	17%	0%	20%	2%	40%	96%	70	.37	0	0	.08	.76	51	49%			
Limited-Scope:																			

(\*) As a percentage of loans with borrower income information available. No information was available for 4.41% of loans originated by NTBT.

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

**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	71%	45%	44%	57%	23%	20%	.17	.17	74	57%	\$162
Harris County	72%	38%	52%	64%	18%	18%	.07	.06	55	43%	\$172
Limited-Scope:											

(\*) As a percentage of businesses with known revenues.  
 (\*\*) As a percentage of loans with revenue information available. No information was available for 19% of loans originated by NTBT.  
 (\*\*\*) The market consists of all other Small Business reporters in NTBT's assessment area and is based on 1997 Aggregate Small Business Data only.  
 (\*\*\*\*) Based on 1997 Aggregate Small Business Data only.

**Table 10. Qualified Investments**

QUALIFIED INVESTMENTS State: Texas Evaluation Period: April 30, 1997 to June 7, 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	\$10	100%	37	454	39.14%	40	\$464	39%
Harris County	0	\$0	0%	26	706	60.86%	29	\$706	61%
Limited-Scope:									

(\*) "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: April 30, 1997 to June 7, 1999			
MSA/Assessment Area:	Deposits	Branches						ATMs						Population					
	% of Total NTBT Deposits	# of NTBT Branches	% of Total NTBT Branches	Location of Branches by Income of Geographies				# of NTBT ATMs	% of Total NTBT 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	63%	3	43%	34%	0%	33%	33%	3	43%	33%	0%	33%	33%	10%	27%	39%	24%		
Harris County	37%	4	57%	0%	0%	25%	75%	4	57%	25%	0%	25%	50%	9%	29%	32%	30%		
Limited-Scope:																			