



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 12, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Summit Bank, National Association
Charter Number 16422**

**3880 Hulen Street
Fort Worth, Texas 76107-6256**

**Comptroller of the Currency
Fort Worth Field Office
9003 Airport Freeway, Suite 275
North Richland Hills, Texas 75201**

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, nor should it 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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INSTITUTION'S CRA RATING

Summit Bank, N.A. is rated Satisfactory.

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 the 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 documentation is an evaluation of the Community Reinvestment Act performance of Summit Bank, N.A., Fort Worth, Texas, as prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of May 12, 2003. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

The lending performance of Summit Bank, N.A., reflects satisfactory responsiveness to the credit needs of the assessment area (AA), which is defined as Tarrant County. This assessment is based on the following conclusions:

- The bank's average loan-to-deposit ratio of 69.54% since the prior CRA examination meets the standards for satisfactory performance given the bank's size, financial condition, local competition, and AA credit needs.
- A majority of the bank's loan activity has been originated within the defined AA. The bank maintains information on where loans are located that covers the entire loan portfolio. According to this information, 84% of both the number and dollar volume of loans originated by the bank that have current outstanding balances were originated within the AA.
- The distribution of loans within the AA demonstrates a satisfactory penetration among individuals of different income levels and businesses of different sizes, which meets the standards for satisfactory performance.
- The geographic distribution analysis indicates a satisfactory penetration of loan performance in all areas of the AA, including those census tracts that are defined as either low- or moderate-income.
- There have been no CRA complaints filed against the bank since the prior CRA examination.

DESCRIPTION OF SUMMIT BANK, N.A.

Summit Bank, N.A., (SBNA) is a large community bank located in Fort Worth, Texas. The bank has a total of seven branches spread throughout Tarrant County, which the bank defines as its AA. Fort Worth is the county seat of Tarrant County, and is the largest city in the county. Banking offices include full-service branches with drive-through facilities and Automated Teller Machines (ATM's).

SBNA is a full-service community bank offering a wide variety of loan and deposit products. As of March 31, 2003, SBNA had total assets of \$700 million, loans of \$490 million, and deposits of \$588 million. The bank's major lending categories are outlined in the table below. As presented, the bank's single primary lending focus is on commercial purpose loans (41%), followed by loans that are secured by real estate (52%). Consumer and installment loans comprise only 7% of the entire portfolio.

| LOAN TYPE | DOLLAR VOLUME IN MILLIONS | PERCENTAGE OF LOAN PORTFOLIO |
|--------------------------|---------------------------|------------------------------|
| Real Estate: | | |
| Construction | \$72 | 15% |
| Farmland | \$3 | 1% |
| 1-4 Family Mortgage | \$50 | 10% |
| Multifamily Residential | \$5 | 1% |
| Non-Farm/Non-Residential | \$121 | 25% |
| Commercial | \$203 | 41% |
| Consumer/Other | \$36 | 7% |
| TOTAL | \$490 | 100% |

The bank's deposit portfolio is as follows as of March 31, 2003:

| DEPOSIT TYPE | DOLLAR VOLUME IN MILLIONS | PERCENTAGE OF DEPOSIT PORTFOLIO |
|--------------------------------|---------------------------|---------------------------------|
| Demand Deposits | \$116 | 20% |
| Savings/Now Account Deposits | \$176 | 30% |
| Money Market Deposit Accounts | \$160 | 27% |
| CD's less than \$100,000 | \$60 | 10% |
| CD's greater than \$100,000 | \$61 | 10% |
| Individual Retirement Accounts | \$15 | 3% |
| TOTAL | \$588 | 100% |

SBNA is 100% owned by Summit Bancshares Incorporated (SBI), which is a single-bank

holding company headquartered at 3880 Hulen Street in Fort Worth. SBI reported total assets of \$700 million as of March 31, 2003. Competition for the bank comes from several competing financial institutions within the AA, both bank and non-bank financial institutions. The bank currently conducts operations from seven locations in Tarrant County, which are detailed below. Three branches are located in moderate-income census tracts (CT's), three branches are located in middle-income CT's, and one branch is located in an upper-income CT.

| BRANCH NAME | BRANCH LOCATION/ADDRESS |
|---|---|
| Summit Bank – <i>Downtown</i> Branch | 1300 Summit Avenue Fort Worth, Texas 76102 Census Tract 1019.00 (Moderate Income) |
| Summit Bank – <i>Northeast</i> Branch | 9001 Airport Freeway North Richland Hills, Texas 76180 Census Tract 1132.11 (Middle Income) |
| Summit Bank – <i>Alta Mesa</i> Branch | 3000 Alta Mesa Boulevard Fort Worth, Texas 76133 Census Tract 1060.04 (Moderate Income) |
| Summit Bank – <i>Camp Bowie</i> Branch | 3859 Camp Bowie Boulevard Fort Worth, Texas 76107 Census Tract 1027.00 (Middle Income) |
| Summit Bank – <i>Fossil Creek</i> Branch | 3851 Northeast Loop 820 Fort Worth, Texas 76137 Census Tract 1050.05 (Moderate Income) |
| Summit Bank – <i>Davis</i> Branch | 8501 Davis Boulevard North Richland Hills, Texas 76180 Census Tract 1138.01 (Upper Income) |
| Summit Bank – <i>Hulen</i> Branch / Summit Bancshares, Inc. Headquarters | 3880 Hulen Street Fort Worth, Texas 76107 Census Tract 1026.00 (Middle Income) |

The most recent CRA examination was performed as of January 5, 1999. At that time, the holding company was divided into two banks – Summit National Bank and Summit Community Bank, N.A. Summit National Bank was comprised of the downtown location only. Summit Community Bank, N.A. was comprised of the Northeast, Alta Mesa, Camp Bowie and Fossil Creek locations. Both banks received satisfactory ratings at that examination. During 2001, the two banks were merged together to create the new SBNA. The bank has no impediments, legal or otherwise, which would compromise its efforts to help meet the credit needs of its AA. While the corporate structure of the organization has changed since the previous CRA examination, there have been no significant changes in management or the strategic direction of the bank, and none are currently planned. There are also no planned changes to the loan or deposit products currently being offered. The bank has a web site with the address www.summitbank.net, from which additional information on the banks structure, locations, and hours of operation may be obtained. The bank continues to operate in a conservative manner with emphasis on providing sound credit to all members of the communities it serves, including the needs of low- and moderate-income individuals.

DESCRIPTION OF TARRANT COUNTY

SBNA has defined its AA as Tarrant County, which is part of the Fort Worth-Arlington Metropolitan Statistical Area (MSA). There are a total of 269 CT's in the AA. Of this total 10% are defined as low-income CT's, 25% are defined as moderate-income CT's, 34% are defined as middle-income CT's, and 31% are defined as upper-income CT's. The AA is legal and meets the requirements of the regulation. The table below presents selected demographic and economic characteristics of Tarrant County.

| DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF TARRANT COUNTY SUMMIT BANK, N.A. | |
|---|-------------|
| <i>Population</i> | |
| Number of Families | 309,444 |
| Number of Households | 439,335 |
| <i>Geographies</i> | |
| Number of Census Tracts (CT's) | 269 |
| % Low-Income CT's | 28 – 10.41% |
| % Moderate-Income CT's | 66 – 24.54% |
| % Middle-Income CT's | 92 – 34.20% |
| % Upper-Income CT's | 83 – 30.86% |
| <i>Median Family Income (MFI)</i> | |
| 1990 MFI for Assessment Area | \$37,571 |
| 2002 HUD-Adjusted MFI | \$61,300 |
| <i>Economic Indicators</i> | |
| Unemployment Rate | 3.12% |
| 2002 Median Housing Value | \$80,105 |
| % of Households Below Poverty Level | 10.25% |

Approximately 1.2 million persons live within the AA of Tarrant County, which is located in North Central Texas with Fort Worth serving as the county seat. Tarrant County, and Fort Worth, is part of the larger Dallas/Fort Worth Metroplex, in which approximately 5 million persons reside. The area has experienced a significant growth in population over the last decade, and the growth continues at the current time.

Based on updated Housing and Urban Development (HUD)-2002 Census information, the median family income for the AA is \$61,300, representing an increase of 63% from the level of \$37,571 in 1990. The median housing value is \$80,105 with the median age of housing stock at 33 years. Within the AA, approximately 10.25% of the households are below the poverty level.

SBNA's primary trade area continues to be Tarrant County. Major industries and employers

include aviation, technology, railroad, defense, financial institutions, school districts, and county and state government offices. 1990 Census Business Demographic Data shows a total of 99,528 businesses in the AA, of which 1,674 are farms and 97,854 are non-farm. Of these, approximately seventy percent are small businesses that report total annual gross revenues of \$1 million or less. Six percent report total annual gross revenues of greater than \$1 million, and twenty-four percent do not report income information. The economy of the area is stable, with the most significant recent growth coming in the area of new home construction.

Information concerning credit needs in the AA was obtained from prior community contacts that were conducted in Tarrant County during the past year. According to these contacts, the immediate credit needs of the community, including those of low- and moderate-income individuals, are being met.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our conclusions in this section are based on the bank's lending activity from the last CRA examination dated January 5, 1999. We used loan, borrower income, and assessment area data provided by the bank and tested it for accuracy. We selected a loan sample that included the entire portfolio of owner occupied home improvement loans that were originated in 2001, 2002, and year-to-date 2003. This data was obtained from the bank's Home Mortgage Disclosure Act (HMDA) data, which was tested for accuracy. In addition to this consumer sample, we reviewed a sample of 60 commercial purpose business loans in order to evaluate the bank's lending performance within the AA. For the *Lending to Borrowers of Different Incomes and to Businesses of Different Sizes* analysis, we replaced loans originated outside the AA with loans originated within the AA.

- Loan-to-Deposit Ratio -

| INSTITUTION | LOCATION | AVERAGE LOAN/DEPOSIT RATIO SINCE MARCH 1999 |
|-------------------------------|---------------------------------|--|
| Worthington National Bank | Arlington, Texas | 124.39% |
| Fort Worth National Bank | Fort Worth, Texas | 89.60% |
| Citizens National Bank | Benbrook, Texas | 80.84% |
| Woodhaven National Bank | Fort Worth, Texas | 77.58% |
| F N B of the Mid-Cities | Bedford, Texas | 77.20% |
| Northwest National Bank | Arlington, Texas | 73.98% |
| Surety Bank, NA | Fort Worth, Texas | 71.85% |
| Arlington National Bank | Arlington, Texas | 70.52% |
| <i>Summit Bank, NA</i> | <i>Fort Worth, Texas</i> | <i>69.54%</i> |
| American Bank, NA | Keller, Texas | 68.41% |
| Riverbend Bank | Fort Worth, Texas | 67.84% |
| Liberty Bank | North Richland Hills, Texas | 67.74% |
| Worth National Bank | Fort Worth, Texas | 65.72% |
| Peoples Bank | Colleyville, Texas | 64.37% |
| Star Bank of Texas | Lake Worth, Texas | 64.32% |
| First Financial Bank, NA | Southlake, Texas | 61.27% |
| First Bank | Azle, Texas | 59.86% |
| Mercantile Bank Texas | Fort Worth, Texas | 58.46% |
| Southwest Bank | Fort Worth, Texas | 57.59% |
| First National Bank | Burleson, Texas | 56.94% |
| Community Bank of Texas | Grand Prairie, Texas | 53.11% |
| HBank Texas | Grapevine, Texas | 44.91% |
| The National Bank of Texas | Fort Worth, Texas | 40.82% |
| The Bank of Crowley | Crowley, Texas | 29.87% |

Summit Bank's loan-to-deposit (LTD) ratio meets the standards for satisfactory performance. As reflected in the table above, the bank's average LTD ratio since the prior examination is 69.54%. The average ratio for the other twenty-three banks in the AA is 66.40% and range from a high of 124.39% to a low of 29.87%. Summit Bank is the largest commercial bank in the sample of bank's listed above, with total assets of \$688 million as of December 31, 2002. The other twenty-three banks in the AA have total assets that range from a low of \$11 million to a high of \$244 million as of December 31, 2002.

- Lending in Assessment Area -

The table below indicates that a substantial majority of the bank's lending activities are originated within the AA. Approximately eighty-one percent of the number and eighty-nine

percent of the dollar volume of all home improvement loans originated by SBNA since January 2001 have been in Tarrant County. Likewise, ninety percent of both the number and dollar volume of commercial purpose loans in our sample have been originated in Tarrant County. These samples verify the accuracy of the reports prepared by the bank that indicated that portfolio wide, eighty-four percent of the number and dollar volume of loans originated by the bank that currently have outstanding balances were originated in the AA.

| TOTAL LOANS REVIEWED IN THE ASSESSMENT AREA SUMMIT BANK, N.A. | | | | |
|--|---|--|---|--|
| LOAN TYPE | IN ASSESSMENT AREA | | OUT OF ASSESSMENT AREA | |
| | % in AA based on number reviewed | % in AA based on dollar amount reviewed | % out of AA based on number reviewed | % out of AA based on dollar amount reviewed |
| Home Improvement Loans | 81% | 89% | 19% | 11% |
| Commercial Purpose Loans | 90% | 90% | 10% | 10% |

- Lending to Borrowers of Different Incomes and to Businesses of Different Sizes -

SBNA’s record of lending to businesses of different sizes is good. Within the AA, seventy percent of the number of businesses reporting revenue information had gross annual revenues of less than \$1 million. Eighty-two percent of the number of loans in our commercial sample in the AA had gross annual revenues of \$1 million or less. Only eighteen percent of the loans in our sample in the AA were to businesses with gross annual revenues of \$1 million or greater.

As presented in the table below, SBNA’s lending to borrowers of different income levels is satisfactory. The distribution of loans in our sample reflects satisfactory penetration among individuals of different income levels. We used the bank’s entire portfolio of home improvement loans originated in the AA since January 2001 to reach this conclusion.

| LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS SUMMIT BANK, N.A. | | | | | | | | |
|--|----------------------------|--------|---------------------------------|--------|-------------------------------|--------|------------------------------|--------|
| Assessment Area Data | Low-Income Families | | Moderate-Income Families | | Middle-Income Families | | Upper-Income Families | |
| Family Data | 59,079 | 19.09% | 54,351 | 17.56% | 71,006 | 22.95% | 125,008 | 40.40% |
| Home Improvement Loan Portfolio | 23 | 13.3% | 27 | 15.7% | 39 | 22.7% | 83 | 48.3% |

To further validate the bank’s satisfactory record of lending to low- and moderate-income individuals, we reviewed a trial balance of loans originated with a balance of \$1,000 or less. The bank currently has a total twenty of these loans on the books with an average original balance of \$530 and range from a low of \$391 to a high of \$1,000. Historically, individuals receiving these

loans fall into either the low- or moderate-income categories. These loans are spread throughout the AA. The bank enforces no minimum loan amount. All credit decisions are based on the borrower's need and ability to repay the debt within a reasonable timeframe.

- Geographic Distribution of Loans -

SBNA's overall geographic distribution of loans within the AA is satisfactory. SBNA routinely monitors its geographic distribution of loans throughout the AA for the entire loan portfolio. The results of the internal analysis prepared as of February 19, 2003, are presented below, which indicates that the bank has a satisfactory penetration of loans (both dollar and number) in both low- and moderate-income CT's.

| Geographic Distribution of Loans | | | | | | | | |
|--|-------------------|-------|------------------------|-------|----------------------|-------|---------------------|-------|
| Total Loan Portfolio Analysis Provided by Summit Bank, N.A. | | | | | | | | |
| February 19, 2003 | | | | | | | | |
| Assessment Area Data | Low-Income | | Moderate-Income | | Middle-Income | | Upper-Income | |
| Census Tracts | 28 | 10.4% | 66 | 24.5% | 92 | 34.2% | 83 | 30.9% |
| Home Improvement Portfolio based on Number | 496 | 9% | 1104 | 20% | 2050 | 37% | 1859 | 34% |
| Home Improvement Portfolio based on Dollar Volume | \$56.8MM | 14% | \$88.2MM | 22% | \$141.9MM | 35% | \$116.8MM | 29% |

To verify the banks internal analysis, we performed a geographic distribution analysis on the home improvement loan portfolio and on our commercial purpose loan sample. SBNA's geographic distribution of home improvement loans within the AA is satisfactory. The following table presents our findings with respect to the geographic distribution of the home improvement loan portfolio based on both the number and dollar volume of loans originated

within the AA. Although there appears to be less penetration in the low- and moderate-income census tracts, performance is considered satisfactory because many of these tracts are located in industrial areas of Tarrant County that are non-residential.

| Geographic Distribution of Loans Home Improvement Loan Portfolio Summit Bank, N.A. | | | | | | | | |
|---|-------------------|-------|------------------------|--------|----------------------|-------|---------------------|-------|
| Assessment Area Data | Low-Income | | Moderate-Income | | Middle-Income | | Upper-Income | |
| Census Tracts | 28 | 10.4% | 66 | 24.5% | 92 | 34.2% | 83 | 30.9% |
| Home Improvement Portfolio based on Number | 3 | 1.7% | 17 | 9.9% | 77 | 44.8% | 75 | 43.6% |
| Home Improvement Portfolio based on Dollar Volume | \$893M | 8.00% | \$1,786M | 16.00% | \$6,290M | 56.3% | \$2,196M | 19.7% |

SBNA’s geographic distribution of commercial purpose loans within the AA is also considered to be satisfactory. The following table presents our findings based on the sample of loans we reviewed for this purpose. Our analysis revealed that on a percentage basis, the bank has more commercial purpose loans (both dollar and number) in low- and moderate-income census tracts in Tarrant County than there are of these tracts total.

| Geographic Distribution of Loans Commercial Purpose Loan Sample Summit Bank, N.A. | | | | | | | | |
|--|-------------------|-------|------------------------|-------|----------------------|-------|---------------------|-------|
| Assessment Area Data | Low-Income | | Moderate-Income | | Middle-Income | | Upper-Income | |
| Census Tracts | 28 | 10.4% | 66 | 24.5% | 92 | 34.2% | 83 | 30.9% |
| Commercial Sample based on Number | 7 | 12% | 18 | 30% | 25 | 42% | 10 | 16% |
| Commercial Sample based on Dollar Volume | \$3,237M | 19% | \$5,405M | 31% | \$5,330M | 31% | \$3,220M | 19% |

- Responses to Complaints -

No complaints regarding the CRA performance of SBNA have been received since the prior CRA examination by either the bank or the OCC.

- Fair Lending Review -

An analysis of public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on our analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with this CRA evaluation.