



PUBLIC DISCLOSURE

September 6, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The American National Bank of Texas
Charter Number **17043**

102 W. Moore Avenue
Terrell, TX 75160-3129

Office of the Comptroller of the Currency
Dallas Field Office
225 E. John Carpenter Freeway, Suite 900
Irving, TX 75062-2326

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 **The American National Bank of Texas** with respect to the Lending, Investment, and Service Tests:

Performance Levels	The American National Bank of Texas Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	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:

- The bank originates a majority of loans within its assessment areas (AA).
- The bank’s lending activity is good.
- The bank’s overall geographic distribution of loans is good based upon an overall adequate home mortgage lending performance and excellent borrower distribution of loans to small businesses.
- The bank’s distribution of lending by income level is adequate, based upon adequate home mortgage lending performance and good distribution of loans to small businesses.
- Community development (CD) lending has a positive impact on the bank’s performance under the Lending Test.
- An excellent level of qualified investments considering the assessment areas, performance context, and available opportunities.
- Overall, ANBTX bank branches are accessible to people and geographies of different income levels. Customer operational hours are good with no significant differences between branches located in different income geographies. The bank offers a good level of services through alternate delivery systems. The record of opening or closing offices has not adversely impacted access to banking services to low- and moderate-income individuals and geographies; and
- ANBTX provides a relatively high level of CD services that are responsive to identified community needs.

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.

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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development.

Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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.

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 1 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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

The American National Bank of Texas (ANBTX) is a community bank headquartered in Terrell, Texas and serves the Dallas and Fort Worth areas of North Texas. Established in 1875, the bank is the oldest independently owned bank in Texas. ANBTX is a wholly owned subsidiary of ANBTX Corporation, which is a one-bank holding company.

ANBTX operates their banking centers with a community focus. Their primary customers live near the banking center where the customer has relationship managers to assist them. Management's philosophy is to serve the commercial and consumer needs of its customers located in the AAs. ANBTX's mission statement states, "Build loyal, mutually profitable relationships by excelling in understanding the needs and expectations of our clients and delivering superior value." In addition, ANBTX is committed to making their AA communities a better place to live and work through effective community involvement and reinvestment.

As of June 30, 2016, the bank reported total assets of \$2.6 billion, total loans of \$1.8 billion and total investments of \$556.7 million. In addition, the bank reported total deposits of \$2.4 billion and total capital of \$252.8 million. As of June 30, 2016, the bank's loan portfolio consists of:

- Commercial loans – 19 percent
- Commercial real estate loans – 56 percent
- Single-family real estate loans – 20 percent
- Consumer loans – 4 percent

The bank sells a large volume of the residential real estate loans it originates, and these sold loans are not reflected in ANBTX's loan portfolio. In our four-year review period, the bank originated and sold 959 mortgage loans valued at \$161.5 million.

ANBTX operates 26 branches in the North Texas area with 20 branches in their Dallas assessment area (AA), four branches in the Fort Worth AA, and two in the Van Zandt AA. Branches are the bank's primary delivery channel for their products and services with the bank offering a full menu of loan and deposit products. Primary lending products are commercial real estate loans, small business loans, loans to municipalities, and single-family residential mortgages. The bank also offers various small business loans and consumer loans. A full offering of consumer and business deposit accounts are offered along with a network of 30 ATMs. Twenty-six of the 30 ATMs are located at or near a banking branch.

The bank's mortgage loan division offers purchase, refinance, and home improvement loans. The mortgage purchase loans with loan-to-values above 80 percent require private mortgage insurance. The bank also offers FHA/VA loans, and construction/permanent mortgage loans. ANBTX will make home equity loans; however, the Texas state law requires the first and second liens to be no more than 80 percent loan-to-value.

Competition is strong in ANBTX's AAs with numerous local, regional, and national banks as well as credit unions, mortgage companies, and non-bank lenders. Specifically in the bank's Dallas AA, there is heavy competition among are several large-nationwide banks and regional banks for CD loans and investment opportunities.

There are no legal or financial impediments hindering ANBTX's ability to meet the credit, investment, or service needs of its AAs. The bank has not been involved in any mergers or acquisitions since our prior CRA public evaluation.

ANBTX was rated Outstanding at its last CRA evaluation dated November 26, 2012. The last evaluation reflected the bank's performance from September 23, 2008 through June 30, 2012. A review of the bank's CRA Public File and the OCC consumer complaint records did not identify any complaints relating to the CRA performance since the previous evaluation.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We analyzed home purchase, home improvement, and home refinance mortgage loans the bank reported under the Home Mortgage Disclosure Act (HMDA) and small loans to businesses reported under the Community Reinvestment Act (CRA), for the period of January 1, 2012 through December 31, 2015. Multifamily loans are not a primary loan product; therefore, we did not evaluate this product separately. However, we did consider multifamily loans meeting the CD definition as part of the evaluation of CD lending. Primary loan products for this review are products, which the bank originated at least 20 loans within an AA during one or more of the analysis periods within the overall evaluation period. In our evaluation under the Lending Test geographic distribution and borrower income criteria, we performed separate analyses of 2012 through 2013 data and 2014 through 2015 data. This was due to changes between the 2000 Census and 2010 Census. Performance Tables 1 through 11 in Appendix C include only data covered by the analysis period receiving the greatest weight, namely 2014 through 2015. Data from 2012 through 2013 is discussed in the applicable narrative sections of the evaluation.

The evaluation period for CD loans, the Investment Test, and the Service Test was July 1, 2012 through July 31, 2016.

Refer to Appendix A: Scope of Examination for details regarding how the full- and limited-scope areas were selected.

Data Integrity

As part of our ongoing supervision of the bank, we tested the accuracy of the bank's HMDA and CRA lending data. Our testing indicated no substantive inaccuracies in the data. Therefore, we concluded that the home mortgage loans and small loans to businesses could be relied upon for this CRA evaluation.

During the CRA examination, OCC personnel reviewed non-public data that ANBTX management submitted for CD loans, CD investments, and CD services to ensure that they met the regulatory definition for community development. Our review ensured that submitted CD loans, investments, and services met the definition for CD in the CRA regulations.

Selection of Areas for Full-Scope Review

ANBTX has three designated AAs – the Dallas AA, Fort Worth AA, and Van Zandt AA. All three AAs are in the state of Texas. For this evaluation period, we performed a full-scope review of the Dallas, Fort Worth, and Van Zandt AAs.

Please see the table in Appendix A: Scope of the Examination for additional information.

Ratings

The bank's overall rating is based primarily on their performance in the state of Texas. The bank has three AAs the Dallas MD (Dallas AA), Fort Worth MD (Fort Worth AA), and Van Zandt County non-MSA (Van Zandt AA). We conducted a full-scope review of each AA. The Dallas AA carried the

greatest weight in our conclusions because it represented the bank's most significant market in terms of deposit concentrations, branch distribution, and reportable loans. At June 30, 2015, the Dallas AA represented 88 percent of total deposits. Additionally, at the end of the evaluation period, the Dallas AA accounted for 82.6 percent of reportable HMDA and small business and small farm loans originated and purchased during the evaluation period. The Fort Worth AA represented 7.3 percent of the total deposits and 10.7 percent of the reportable loans while the Van Zandt AA represented 4.7 percent of the total deposits and 6.6 percent of the reportable loans. The Dallas AA accounted for 76 percent of the branch network while the Fort Worth and Van Zandt AAs account for 16 and 8 percent of the branch network, respectively.

In our analysis of the bank's performance under the Lending Test geographic distribution and borrower income distribution criteria, we placed more weight on the bank's performance in 2014 and 2015 than to its performance in 2012 and 2013 to reach our conclusions. This was due to the 2014 and 2015 time period being more reflective of its current performance.

Additionally, when evaluating the bank's performance under the Lending Test, we placed greater weight on the bank's distribution of small business loans than the distribution of home mortgage loans. We placed significant emphasis on small business loans due to it being the bank's primary loan product in terms of volume and business focus, and based on the small business credit needs in all AAs. Minimal emphasis was placed on home mortgage loan performance due to the identified community credit need in all AAs. Within home mortgage loans, home refinance loans received the greatest weight, home purchase loans secondary weight, and home improvement loans minimal weight. These weights were based on the volume in number in each home mortgage loan category over the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), in determining a national bank's (bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau.

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

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 full-scope reviews, the bank's performance in the Dallas AA is good. In the Fort Worth AA and Van Zandt AA, the bank's performance is adequate. The bank's CD lending had a positive impact on the bank's overall lending results.

Lending Activity

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

Lending activity is good in the Dallas AA, Fort Worth AA, and Van Zandt AA. More weight was given to the Dallas AA, considering it represents a significant majority of the bank's lending and deposit activities.

The bank's overall lending activity is good, considering the competition for reportable home mortgage loans and small loans to businesses. Lending volume in aggregate represents a good responsiveness to AA credit needs as demonstrated by the CRA reportable lending activity, including financing to small businesses, individuals, households, nonprofits, builders of affordable housing, and others.

Dallas AA

Lending activity is good in the Dallas AA, considering the competition for reportable home mortgage loans and small loans to businesses. During the 2014-2015 evaluation period, the bank originated or purchased 869 home mortgages totaling \$183 million, 1,360 small business loans totaling \$215 million, and 35 CD loans totaling \$24.7 million. Deposit activity is higher and primarily concentrated in the Dallas AA at 88.0 percent of total deposits. This deposit concentration reflects the principal location of the bank's commercial and retail customer base, and branch locations, including the bank's lending focus.

Market share information for loans and deposits shows that ANBTX operates in a highly competitive banking environment. Large financial institutions whose operations encompass large portions of the country operate within this AA.

According to the FDIC Deposit Market Share Report as of June 30, 2015, ANBTX ranked 13 among 149 depository institutions. Operating 25 branches in the AA, the bank had nominal market share of 1.04 percent. Collectively, Bank of America, N.A., JPMorgan Chase Bank, N.A., and Wells Fargo Bank, N.A. held the majority market share at 62 percent. A market share ranking of 13th places the bank in the top nine percent among depository institutions in the AA.

According to 2014 Peer Mortgage Data, ANBTX achieved a 0.6 percent market share by number of home mortgage loans and ranked 40th among 757 reporting lenders. This ranking is equivalent to being in the top 5.3 percent of lenders. The largest lenders for home loans for the period were Wells Fargo

Bank, N.A., JPMorgan Chase Bank, N.A., Bank of America, N.A., Quicken Loans, Everett Financial Inc., and Prime Lending. These five lenders had market shares collectively totaling 28.8 percent in home loans. The bank's market share of home mortgage loans in 2012-2013 is not inconsistent with its market share in 2014 through 2015. Based on 2013 Peer Mortgage Data, ANBTX ranked 34th among 764 reporting mortgage lenders, with a market share of 0.6 percent by number of loans. This placed the bank in the top nine percent among lenders in the AA.

Deposit market share in 2014 of 1.0 percent exceeds its mortgage market share of 0.6 percent. Evidence of how competitive lending is in the AA is the significant number of lenders originating home mortgage loans (757), compared to the number of depository institutions operating in the AA (149).

According to 2014 Peer Small Business Data, loans to businesses, ANBTX ranked 15th with a market share of 1.1 percent (by number of loans) and 4.4 percent (by dollar volume of loans) out of 179 lenders. This ranking places the bank in the top 9 percent among lenders with an average loan size of \$156,000. Given the bank's market share for small loans to businesses in dollar volume exceeds its deposit market share, the bank's small loans to businesses lending activity is considered excellent. The top small business lenders in this AA (by number of loans) are American Express Bank, FSB (Credit Card Bank), Chase Bank USA, N.A., Citibank (South Dakota) N.A., and Capital One Bank, N. A. (Credit Card Bank), which together had a combined market share of 53.1 percent. The bank's market share for small loans to businesses in 2013 is not inconsistent with the bank's market share in 2014. Market data for 2013 had ANBTX ranked 14th with a market share of 1.2 percent (by number of loans) and 4.5 percent (by dollar amount) out of 175 lenders.

Fort Worth AA

Lending activity is good in the Fort Worth AA, considering the lending opportunities afforded the bank due to fierce lending competition and the performance context of the AA. During the evaluation period, the bank originated or purchased only 55 home mortgage loans totaling \$16.7 million, 246 small loans to businesses totaling \$49.9 million, and eight CD loans in the AA that in aggregate totaled \$7.4 million.

Deposit activity in this AA represents only 7.3 percent of the bank's total deposits as of June 30, 2015. Total reported loans for this AA represented less than 10.7 percent of the bank's total reported volume of loans for 2014 through 2015.

Market share information for loans and deposits in the AA shows that ANBTX operates in a highly competitive banking environment. Large financial institutions whose operations encompass large portions of the United States are active within this AA. ANBTX operates four branch offices in the AA, one of which is located in a moderate-income geography. The other three are located in upper-income geographies. According to the FDIC Deposit Market Share Report as of June 30, 2015, ANBTX ranked 27th among 65 depository institutions with a market share of 0.5 percent for its deposit base, with JPMorgan Chase Bank, N. A., Wells Fargo Bank, N.A., Bank of America, N.A., and Frost Bank collectively having 58 percent of the market share. The bank's market share places it in the top 42 percent among depository institutions in the AA.

According to 2014 Peer Mortgage Data for the Fort Worth AA, ANBTX does not have a home mortgage loan market share. Lending opportunities are limited given the competition in the AA. There are 606 reporting lenders originating home mortgage loans in the AA, and only 65 depository institutions operating in the AA. The five largest home lenders in this AA, Wells Fargo Bank, N.A., JPMorgan

Chase Bank, N.A., Quicken Loans, Bank of America, N.A., and CitiMortgage Inc., had combined market shares totaling 27.4 percent in 2014. The bank's market share of home mortgage loans in 2013 is not inconsistent with 2014. ANBTX was not among the list of 598 lenders reflected in 2013 Peer Mortgage Data. The five largest home lenders for the period were Wells Fargo Bank, N.A., JPMorgan Chase Bank, N.A., Citibank, N.A., Bank of America, N.A., and CitiMortgage Inc. with a collective market share of 40 percent.

According to 2014 Peer Small Business Data, ANBTX ranked 23rd with a market share of 0.5 percent (by number) and 2.3 percent (by dollar amount) out of 145 lenders, placing the bank in the top 16 percent among those lenders. Given the bank's market share for small loans to businesses (by dollar amount) is equivalent to its deposit market share, its lending activity is excellent. The dominant small business lenders in this AA (by number) were American Express Bank, FSB (Credit Card Bank), Chase Bank USA, N.A., Wells Fargo Bank, N.A., and Citibank (South Dakota) N.A., which together achieved a combined market share of 51.8 percent. The bank's market share for small loans to businesses in 2013 is not inconsistent with the bank's market share in 2014. Peer Small Business Data for 2013 had ANBTX ranked 22nd with a market share of 0.6 percent (by number) and 2.4 percent (by dollar) out of 117 lenders.

Van Zandt AA

Lending activity is good in the Van Zandt AA, considering the lending opportunities afforded the bank due to competition and the performance context of the AA. During the evaluation period, the bank originated or purchased 108 home mortgages totaling \$14.4 million, and 57 small loans to businesses totaling \$6.4 million. The bank generated no CD loans in this AA. Deposit activity is considerably lower in this AA when compared to the Dallas AA and Fort Worth AA. Deposits derived from this AA represented 4.7 percent of the bank's total deposits as of June 30, 2015. Total reported loans for this AA represented less than 5 percent of the bank's total reported volume of loans (\$2.8 million) in 2014 through 2015. Small loans to businesses in the Van Zandt AA represented less than 4 percent in number and less than 3 percent in volume of the bank's total originated/purchased small loans to businesses.

Market share information for loans and deposits shows that ABTX operates in a competitive banking environment in the Van Zandt AA although operated by much smaller community banks. ANBTX operates two branch offices in the AA, both of which are located in middle-income geographies. According to the FDIC Deposit Market Share Report as of June 30, 2015, ANBTX ranked fourth in the AA with a market share of 17.5 percent among nine depository institutions operating a total of 19 offices in the AA. Texas Bank and Trust Company, First State Bank of Ben Wheeler, and Citizens National Bank of Wills Point are the top three depository institutions in the AA with market shares of 22.3 percent, 19.6 percent, and 18.4 percent, respectively.

According to 2014 Peer Mortgage Data for the Van Zandt AA, ANBTX achieved a 6.0 percent market share (in number) of home loans and ranked fourth among 51 reporting lenders. This ranking is equivalent to being in the top 3.0 percent of ranked lenders. The top three lenders for home loans for the period were Wells Fargo Bank, N.A., Service First Mortgage Company, Texas Bank and Trust Company, which collectively have market shares totaling 25.6 percent. The bank's market share of home loans in 2013 is not inconsistent with 2014. 2013 Peer Mortgage Data had ANBTX ranked third among 52 reporting mortgage lenders, with a market share of 7.1 percent by number of loans. This placed the bank in the top 6.0 percent among lenders in the AA.

For 2014, the bank's deposit market share of 17.5 percent exceeds its mortgage market share of 6.0 percent. The AA's competitive lending environment is evidenced by the significant number of lenders compared to depository institutions operating in the AA.

According to 2014 Peer Small Business data, ANBTX ranked sixth with a market share of 4.5 percent (by number of loans) and 19 percent (by dollar amount) out of 39 lenders, placing the bank in the top 16 percent among those lenders. The bank's market share for small loans to businesses is somewhat lower than its deposit market share, although lending activity is adequate. The dominant small business lenders in this AA were Austin Bank Texas, N.A., Capital One Bank (USA), N.A., American Express Bank, FSB (Credit Card Bank), Texas Bank and Trust Company, and Citibank (South Dakota) N.A., which together achieved a combined market share (by number of loans) of 59.7 percent. The bank's market share for small loans to businesses in 2013 is not inconsistent with the bank's market share in 2014. Market data for 2013 had ANBTX ranked seventh with a market share of 4.7 percent (by number of loans) and 18.9 percent (by dollar amount) out of 41 lenders.

Distribution of Loans by Income Level of the Geography

Overall, the geographic distribution of the bank's lending activity reflects good distribution throughout the AAs. An adequate distribution of home mortgage performance was augmented by an excellent distribution of small loans to businesses. In performing our analysis, we placed greater weight on the bank's performance in the Dallas AA and Fort Worth AA as the bank's Van Zandt AA has no low- and moderate-income geographies for any meaningful analysis and consideration in our overall conclusion. More weight was placed on the bank's small loans to businesses because this product represented a higher percentage of the bank's CRA reportable lending activity. Also, more weight was given to the bank's performance in 2014 through 2015 as it better reflects the bank's current lending activities.

Home Mortgage Loans

Overall, geographic distribution of home mortgage loans is good.

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.

Dallas AA

Overall, the geographic distribution of home mortgage loans in the Dallas AA is good. In evaluating the geographic distribution of home mortgage loans in the Dallas AA, it is important to note that home purchase loans and home refinance loans represented more than 95 percent of the total reported home mortgage loans for the period. Home improvement loans represented the balance of lending. According to 2010 U.S. Census data, low-income and moderate-income geographies represent 10.6 percent and 19.4 percent of the AA, respectively. Eleven percent of households live below the poverty level and low-income geographies accounting for 26.6 percent of this AA's total, and moderate-income another 30.4 percent. It is important to note that only 3.9 percent of the total owner-occupied housing units in the AA is located in low-income geographies, and 62.0 percent of total housing in the low-income geographies is renter-occupied. Moderate-income geographies contained 15.4 percent of the total owner-occupied housing units in the AA, with renter-occupied units making up 43.2 percent of these geographies. The median family income of the AA is \$67,501, and the median housing value is \$197,567. Based on these statistics, the bank's lending opportunities were limited for home mortgage

loans in low-income geographies than moderate-income geographies. These performance context factors were considered when determining the final conclusion on geographic distribution of home mortgage loans.

The overall geographic distribution of home purchase loans is good. The percentage of home purchase loans in low-income geographies was somewhat lower than the percentage of owner-occupied units in these geographies, and considered adequate. The portion of home purchase loans made in moderate-income geographies exceeded the percentage of owner-occupied units in those geographies, and is considered excellent. An analysis of the bank's market share is not meaningful as the bank's market share of home purchase loans in the AA was less than 1.0 percent. The bank's performance in 2012 through 2013 was not inconsistent with the performance noted in 2014 through 2015.

The overall geographic distribution of home improvement loans is adequate considering the bank originated only 38 loans of this type in 2014 through 2015. The bank did not make any home improvement loans in low-income geographies during the period. However, the bank's lending opportunities were limited by the very low percentage of owner-occupied housing units in these geographies, and the concentration of households in these geographies living below the poverty level. Additionally low- and moderate-income borrowers can find it difficult qualifying for home loans given stricter underwriting standards. The portion of home improvement loans to moderate-income geographies was somewhat lower than the percentage of owner-occupied units. An analysis of the bank's market share is not meaningful as the bank's market share of home improvement loans in the AA was less than 1.0 percent. The bank's performance in 2012 through 2013 was not inconsistent with the performance noted in 2014 through 2015.

The overall geographic distribution of home refinance loans is good. The portion of home refinance loans in low-income geographies is lower than the percentage of owner-occupied housing units in these geographies. Again, the bank's lending opportunities were limited by the very low percentage of owner-occupied housing units, the concentration of poverty in these geographies, and low- and moderate-income borrowers can find it difficult qualifying for home loans given stricter underwriting standards. The portion of home refinance loans in moderate-income geographies exceeded the percentage of owner-occupied units in those geographies. An analysis of the bank's market share is not meaningful given its overall market share of home refinance loans was below 1.0 percent. The bank's market share in low-income geographies was near to the bank's overall market share, while its market share in moderate-income geographies exceeded the bank's overall market share. The bank's performance in 2012 through 2013 was not inconsistent with the performance noted in 2014 through 2015.

Fort Worth AA

Overall, the geographic distribution of home mortgage loans is adequate. In evaluating the geographic distribution of home mortgage loans in the Fort Worth AA, we noted that low-income geographies represented 11.3 percent of the AA, but contained only 5.4 percent of the total owner-occupied housing units in the AA. Moderate-income geographies accounted for 33.6 percent of the AA and contained 26.2 percent of the AA's total owner-occupied housing units. Of total housing units in low-income geographies, only 34.3 percent (about one-third) are owner-occupied. Rented housing units account for 48.8 percent (about half) of low-income geographies. Just over one-third (34.8 percent) of the 13 percent of households in the AA that live below the level of poverty resided in low-income geographies, and another 19.1 percent resided in moderate-income geographies. Median family income in the AA is \$65,319, and the median housing value is \$140,539. Based on these statistics, the bank's lending

opportunities were limited for home mortgage loans in low-income geographies than in moderate-income geographies. These performance context factors were considered when determining the final conclusion on geographic distribution of home mortgage loans. Given these performance context factors, greater emphasis was placed on the bank's performance in moderate-income geographies than low-income geographies when determining the bank's overall geographic distribution of home mortgage loans in the Fort Worth AA.

The overall geographic distribution of home purchase loans for the Fort Worth AA is adequate. The bank originated only 35 home purchase loans, which represented only 7.5 percent of the bank's total reported home purchase loans in 2014 through 2015. The percentage of home purchase loans made in moderate-income geographies (14.3 percent) was somewhat lower than the percentage of owner-occupied units in those geographies (26.2 percent), and is considered adequate. The bank did not originate any home purchase loans in the low-income geographies of the AA. Lending opportunities were limited given the very low percentage of owner-occupied housing units in low-income geographies (5.4 percent). Additionally, almost one-third of the households in those geographies live below the poverty level, and low- and moderate income borrowers can find it difficult qualifying for home mortgage loans. An analysis of the bank's market share is not meaningful as the bank's overall market share of home purchase loans in the Fort Worth AA was less than 1.0 percent. The bank's performance in 2012 through 2013 was not inconsistent with the performance noted in 2014 through 2015.

The overall geographic distribution of home improvement loans for the Fort Worth AA is adequate, given the performance context. However, the bank made only one home improvement loan in the AA in 2014 through 2015, and only 43 in total for the period, which represented a nominal percentage of total reported loans. Lending opportunities were limited by the very low percentage of owner-occupied housing units in low- and moderate-income geographies, and almost one-third of the households in these geographies live below the poverty level. Low- and moderate-income borrowers generally have difficulty qualifying for home mortgage loans. An analysis of the bank's market share is not meaningful because the bank's overall market share of home improvement loans in the AA was zero. The bank's performance in 2012 through 2013 is not inconsistent with the performance noted in 2014 through 2015.

The overall geographic distribution of home refinance loans in the Fort Worth AA is poor. The bank made only 17 home refinance loans in 2014 through 2015, which represented 3.3 percent of the bank's total reported home refinance loans. No home refinance loans were originated or purchased in low-income geographies. The portion of home refinance loans was somewhat lower than the percentage of owner-occupied housing units in those geographies, and is considered adequate. Again, the bank's lending opportunities were limited by the low percentage of owner-occupied housing units in low- and moderate-income geographies. Additionally, almost one-third of the households in those geographies live below the poverty level. Low- and moderate-income borrowers also find it difficult qualifying for home mortgage loans. With an overall market share of less than 1.0 percent, a market share analysis was not meaningful. The bank's performance in 2012 through 2013 was weaker than performance noted in 2014 through 2015, and was poor. The bank originated 23 home refinance loans in that period. No home-improvement loans were made in low-income geographies, and the percentage of loans originated in moderate-income geographies was significantly lower than the percentage of owner-occupied housing units. This poor performance in 2012 through 2013 offsets the otherwise adequate performance for 2014 through 2015 because more loans were originated in that period.

Van Zandt AA

The Van Zandt AA does not contain any low- and moderate-income geographies, thus we did not conduct any analysis for geographic distribution of any home mortgage loan product for this AA.

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.

Overall, geographic distribution of small loans to businesses (businesses with gross annual revenue of \$1.0 million or less) is excellent, based upon excellent distribution of lending in the Dallas AA and good distribution in Fort Worth AA. There are no low- and moderate-income geographies in the Van Zandt AA for any meaningful analysis. More weight was placed on performance in the Dallas AA as loans to small businesses in this AA represented 82 percent of total reported small loans to businesses in 2014 through 2015.

Dallas AA

The geographic distribution of small loans to businesses in this AA is excellent. ANBTX made 1,360 small loans to small businesses within the AA. The percentage of small loans to businesses in low-income geographies exceeds the percentage of business in these geographies. The portion of small loans to businesses in moderate-income geographies exceeds the percentage of businesses in those geographies. The bank's market share in low- and moderate-income geographies exceeded the bank's overall market share. The bank's performance in 2012 through 2013 was not inconsistent with the performance noted in 2014 through 2015.

Fort Worth AA

The geographic distribution of small loans to businesses in the Fort Worth AA is good. The percentage of small loans to businesses in low-income geographies within the Fort Worth AA exceeded the percentage of businesses located in those geographies, reflecting excellent performance. The percentage of small loans to businesses in moderate-income geographies was near the percentage of businesses in those geographies, and is good. An analysis of the bank's market share is not meaningful as the bank's overall market share of small loans to businesses in the AA was less than 1.0 percent. The bank's performance in 2012 through 2013 was not inconsistent with the performance noted in 2014 through 2015.

Van Zandt AA

The Van Zandt AA does not contain any low- and moderate-income geographies, thus we conducted no analysis of geographic distribution of small loans to businesses. This was also true for 2012 through 2013.

Lending Gap Analysis

We reviewed summary reports and maps and analyzed the bank's home mortgage and small business lending activity over the evaluation period by AA to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

Inside/Outside Ratio

The ratio is a bank-wide calculation, and is not calculated by individual AA. Analysis is limited to bank originations and purchases of home purchase, home improvement, home refinance, and small loans to businesses. For the evaluation period, a majority of the loans were made inside the bank's AAs. The percentage in number of loans made inside the AAs by loan type are as follows: small loans to businesses (80.8 percent), home purchase loans (78.6 percent), home improvement (95.6 percent), and home refinance loans (86.9 percent). The distribution indicated that a majority of the loans being made in the AA resulted in favorable consideration under the Lending Test.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of the bank's lending is good. The overall distribution of mortgage loans to borrowers of different income levels is adequate, and the overall distribution of small loans to businesses of different sizes is good. As noted previously, we placed greater weight on the bank's small business lending as this type lending represented the largest percentage of the bank's CRA reportable lending activity. Additionally, we considered the level of households below the poverty level in our analysis, as well as, the general affordability of housing to low- and moderate-income borrowers. The high cost of housing relative to low- and moderate-income family incomes somewhat impacts the borrowers of these geographies ability to finance the purchase, improvement, or refinance of homes. In addition, we attributed more weight to the bank's performance in 2014 through 2015 than its performance in 2012 through 2013.

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.

The overall borrower distribution of the bank's home mortgage lending is adequate. In our assessment of the bank's overall performance, we gave more weight to home purchase and home refinance loans as home improvement loans represented less than 5 percent of the bank's home mortgage lending in 2014 through 2015. Additionally, more weight was placed on performance in the Dallas AA as a significant majority of the bank's loans (84 percent) originated in this AA.

Dallas AA

Borrower distribution of home purchase loans in the Dallas AA is good, given the performance context. In evaluating the distribution of home purchase loans in this AA, we noted that 2010 U.S. Census data showed that 11 percent of households in the Dallas AA live below the poverty level. Median family income and median housing value of the AA is \$67,501 and \$197,567, respectively. The average age of housing stock in low-income geographies is 39 years, and 40 years in moderate-income geographies. It should be noted that older housing often has higher maintenance costs compared to newer housing, and

frequently requires more repairs to bring dwellings up to code requirements. Older houses are often less energy efficient, resulting in higher utility costs, which increased homeownership costs. All of these factors negatively affect the ability of low- and moderate-income borrowers to qualify for home mortgage loans.

The bank made 348 home purchase loans in 2014 through 2015. The portion of home purchase loans made to moderate-income borrowers in the AA exceeded the percentage of moderate-income families in the AA. The portion of home purchase loans made to low-income borrowers was lower than the percentage of low-income families in the AA. Less weight was placed on the bank's performance with respect to low-income borrowers considering the performance context factors noted above. With an overall market share of less 1.0 percent, a market share analysis was not meaningful. The performance in 2012 through 2013 was not inconsistent with performance in 2014 through 2015.

The bank did not originate or purchase a sufficient number of home improvement loans within the Dallas AA in either period for meaningful borrower distribution analysis.

Borrower distribution of home refinance loans in the Dallas AA is adequate. The bank made 443 home refinance loans in 2014 through 2015. The portion of home refinance loans made to moderate-income borrowers in the AA is somewhat lower than the percentage of moderate-income families in the AA, and is adequate. The portion of home refinance loans made to low-income borrowers in the Dallas AA is significantly lower than the percentage of low-income families in the AA, but is considered adequate considering the performance context of the AA. The bank's market share in low-income geographies exceeded the bank's overall market share in home mortgage refinance loans in the AA, while its bank market share in moderate-income geographies was somewhat lower than the bank's overall market share. The performance in 2012 through 2013 was stronger than performance in 2014 through 2015. The bank originated/purchased more home mortgage refinances in 2012 through 2013 (679), and the portion of home refinance loans made to moderate-income borrowers was near to the percentage of moderate-income families in the AA, and is good.

Fort Worth AA

Borrower distribution of home purchase loans in the Fort Worth AA is poor. In evaluating the distribution of home purchase loans in this AA, we noted that 2010 U.S. Census data showed 13 percent of households in the AA live below the poverty level. Median family income is \$65,319, and median housing is valued at \$140,539. The average age of housing in low-income geographies is 46 years, whereas in moderate-income geographies the average age of housing is 40 years. Again, older housing often has higher maintenance costs compared to newer housing, and frequently requires more repairs to bring dwellings up to code requirements. Older houses are often less energy efficient, resulting in higher utility costs, which increases homeownership costs. All of these factors negatively affect the ability of low- and moderate-income borrowers to qualify for home mortgage loans.

The bank made 35 home purchase loans in 2014 through 2015, which represented less than eight percent of the home purchase loans reported. The bank did not make any home purchase loans to low-income borrowers, and the portion of home purchase loans made to moderate-income borrowers in the Fort Worth AA was significantly below the percentage of moderate-income families in those geographies. The performance is somewhat mitigated by the performance context factors noted above. Additionally, the bank has only four branches in the AA, and only one is located in a moderate-income geography. With an overall market share of less than 1.0 percent, a market share analysis was not meaningful. The

bank's performance in 2012 through 2013 was stronger than in 2014 through 2015, although the bank originated/purchased fewer home purchase loans. The portion of home purchase loans made to moderate-income borrowers was somewhat lower than the percentage of moderate-income families in the AA, and considered adequate. The bank's market share in 2012 through 2013 for home purchase loans; however, was weaker than 2014 through 2015, but still less than 1.0 percent.

The bank did not originate or purchase a sufficient number of home improvement loans within the Fort Worth AA in either period for meaningful analysis.

Borrower distribution of home refinance loans in the Fort Worth AA is poor. The bank made only 17 home refinance loans in the AA in 2014 through 2015. The portion of home refinance loans made to moderate-income borrowers in the AA is somewhat lower than the percentage of moderate-income families in the AA, and is considered adequate. The portion of home refinance loans to low-income borrowers is significantly below the percentage of low-income families in the AA as the bank did not originate or purchase any home refinance loans to low-income borrowers during the period. With an overall market share of less than 1.0 percent, a market share analysis was not meaningful. The performance in 2012 through 2013 is not inconsistent with performance in 2014 through 2015.

Van Zandt AA

The overall borrower distribution of home purchase loans in the Van Zandt AA is adequate. In evaluating the distribution of home purchase loans in this AA, we noted that 2010 U.S. Census data showed 15 percent of households in the AA live below the poverty level. Median family income is \$48,160, and median housing is valued at \$98,986. The average age of housing in the AA is 34 years. Again, older homes often have higher maintenance costs compared to newer housing. They frequently require more repairs to bring the dwelling up to code requirements, and older houses often are less energy efficient, which results in higher utilities and homeownership cost. Additionally, bank management indicated that the AA is saturated with small lenders, particularly smaller community banks that generally have more flexible loan processes, less-strict underwriting and decision making with potentially lower fee structure. All of these factors affect the ability of low- and moderate-income borrowers to qualify for home mortgage loans.

The bank's borrower distribution of home purchase loans in 2014 through 2015 was adequate after consideration of the performance context. The percentage of loans to moderate-income borrowers was somewhat lower than the percentage of moderate-income families, and is considered adequate. The percentage of loans to low-income borrowers was significantly lower than the percentage of low-income families in the AA, but is considered adequate given performance context factors such as competition, poverty, median family income, and the median housing value in the AA. The bank originated 50 home purchase loans, which is less than 5 percent of total reported loans and 10.6 percent of the total home purchase loans reported in 2014 through 2015. The bank's market share of home purchase loans to low-income borrowers was above its overall market share, while its market share of loans to moderate-income borrowers was below its overall market share of home purchase loans. The bank's performance in 2012 through 2013 is not inconsistent with performance in 2014 through 2015.

The bank did not originate or purchase a sufficient number of home improvement loans within the Van Zandt AA in either period for meaningful borrower distribution analysis.

Borrower distribution of home refinance loans in the Van Zandt AA is adequate, given the performance context. The bank did not originate any home refinance loans to low-income borrowers in 2014 through 2015. The portion of home refinance loans made to moderate-income borrowers in the AA is somewhat lower than the percentages of those families in the AA, and is adequate. Considering performance context, performance is adequate. While the bank had no market share of loans to low-income borrowers, its market share of loans to moderate-income borrowers was near its overall market share of 13.3 percent. The bank's performance in 2012 through 2013 is stronger than its performance in 2014 through 2015.

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.

Overall, the borrower distribution of small loans to businesses is good, based upon good distribution of lending in the Dallas, Fort Worth, and Van Zandt AAs.

Dallas AA

The overall borrower distribution of small loans to businesses in the Dallas AA is good. The portion of the bank's small loans to businesses with revenues of \$1 million or less is somewhat lower than the percentage of small businesses in the Dallas AA. The bank's market share of small loans to businesses with revenues of \$1 million or less is near to its overall market share for small loans to businesses. The bank's performance in 2012 through 2013 is not inconsistent with the bank's performance in 2014 through 2015.

Fort Worth AA

The overall borrower distribution of small loans to businesses in the Fort Worth AA is good. The portion of the bank's small loans to businesses with revenues of \$1 million or less is somewhat lower than the percentage of small businesses in the Fort Worth AA. The bank's market share of small loans to businesses with revenues of \$1 million or less is near to its overall market share for small loans to businesses. The bank's performance in 2012 through 2013 is not inconsistent with the bank's performance in 2014 through 2015.

Van Zandt AA

The overall borrower distribution of small loans to businesses in the Van Zandt AA is good. The portion of the bank's small loans to businesses with revenues of \$1 million or less is near to the percentage of small businesses in the Van Zandt AA. The bank's market share of small loans to businesses with revenues of \$1 million or less exceeded its overall market share for small loans to businesses. The bank's performance in 2012 through 2013 is slightly stronger the bank's performance in 2014 through 2015.

Community Development Lending

The bank's community development lending has a positive impact on the overall Lending Test conclusions. The community development lending has a positive impact on the conclusions for the

Dallas AA and the broader statewide area while the Fort Worth AAs and Van Zandt AAs had a neutral impact on the Lending Test.

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.

Dallas AA

ANBTX's level of CD lending in the Dallas AA has a positive impact on the bank's lending performance during the evaluation period. The bank originated 35 CD loans totaling \$24.7 million in this AA. The bank originated twelve loans totaling \$3.6 million for affordable housing rehabilitation and construction and permanent financing of multifamily rental property serving LMI persons. ANBTX originated three loans totaling \$5.9 million that provided permanent financing for the revitalization and/or stabilization of LMI geographies. Nine loans totaling \$9.6 million were originated to local governments, nonprofit organizations, as well as individuals under the SBA 7(a) loan program in the Dallas AA that provide for economic development in support of permanent job creation, retention, or improvement for persons who are currently LMI, or living in LMI geographies.

Fort Worth AA

ANBTX's CD lending had a neutral impact on the bank's lending performance in the Fort Worth AA. The bank made or renewed eight CD loans totaling \$7.4 million during the evaluation period. Six loans totaling \$3.3 million were made to corporate and business partnerships for affordable housing rehabilitation and construction and permanent financing of multifamily rental property serving LMI persons. CD lending also included one \$3.5 million loan to a business that provides for economic development by financing business in support of permanent job creation, retention, or improvement for persons who are currently LMI, or living in a LMI geography.

Van Zandt AA

CD lending had a neutral impact on the Lending Test for the Van Zandt AA. The bank made no CD loans during the evaluation period which is considered reasonable considering the AA is primarily rural and opportunities for community development activities are limited.

Broader Statewide Area

When considering the CD loans made in all AAs, along with CD loans made statewide, this performance had a very positive impact on the overall Lending Test conclusions. In addition to the CD loans that benefit the bank's AAs, ANBTX made 18 qualifying loans totaling \$69.6 million during the evaluation period in the broader statewide area. When considering this lending activity with the CD loan activity in the full scope areas, total CD lending of \$101.7 million represented 46.8 percent of the bank's tier 1 capital.

Product Innovation and Flexibility

Overall, product innovation and flexibility had a neutral impact on the Lending Test. The bank offered several home mortgage loan products to low- and moderate-income people. These loans were included in the geographic and borrower distribution analysis already discussed.

- FNMA HARP Refi Plus program:*** This program is available for refinances of existing Fannie Mae (and Freddie Mac) loans. The expectation is that refinancing their mortgage will put responsible borrowers in a better position by reducing their monthly principal and interest payments or moving them from a more risky loan structure (such as interest-only or short-term ARM) to a more stable product. This product has no limits on maximum loan-to-value (LTV) and provides mortgage insurance flexibilities for LTVs over 80 percent. During this evaluation period, the bank has closed 26 of these loans for a total of \$4.6 million.
- FNMA Flex 97 Loan Program:*** For first time home buyers, this program expands access to credit and to support sustainable homeownership, Fannie Mae offers 97 percent LTV financing to help creditworthy home buyers who would otherwise qualify for a mortgage but may not have the resources for a larger down payment, and a refinance option for Fannie Mae loans. During this evaluation period, ANBTX has closed 21 loans under this program for a total of \$3.1 million.
- FNMA Modifications:*** ANBTX's special assets department has worked to help at risk homeowners whose mortgage payment is in default and those whose mortgage payment is in imminent default. If borrowers qualify for FNMA modification options such as Modified VR, Streamline, HAMP, Deed in Lieu, Short Sale, etc., they can receive relief through affordable and sustainable monthly payments. During this evaluation period, ANBTX received approval on 11 loans for a total of \$1.4 million.
- Government Entities Finance Business Unit:*** ANBTX continues to offer a specialized business unit in the Finance Department that is focused on lending to government entities. Through this unit, the bank originates loans to municipalities and school districts and offering a more customized approach to their borrowing needs at lower price. By offering this loan product, the municipality or school district avoid the typical advisory fees charged by most financial advisors, which can sometimes total as much as two to four percent of the transaction. During this evaluation period, ANBTX provided loans under this program to 58 government entities, many of which provide community development benefits to low and moderate income, distressed and underserved, and economically disadvantaged areas and individuals. In the AAs, there were 18 loans for a total of \$16.4 million and in other Texas areas, there were 14 loans for a \$65.1 million.
- SBA Department:*** ANBTX's SBA department has grown in staff size to service small businesses in our markets as this lending product grows. The SBA department received the SBA Dallas/Fort Worth District "Rising Star Award" during this exam for growing loans in their AAs. During this evaluation period, the department has closed 137 loans in 7a, 504 and Veterans Advantage programs.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "Outstanding." Based on a full-scope reviews, the bank's performance in both the Dallas AA and the Fort Worth AA is excellent and in the Van Zandt AA is poor when considering the performance context.

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

Dallas AA

During the evaluation period, ANBTX made 156 investments in bonds, mutual funds, and grants in the AA totaling \$16.9 million. This consisted of nine bonds totaling \$15.8 million, two mutual funds totaling \$576,000, and 145 grants totaling over \$586,000. In addition, we considered the ongoing impact investments made prior to the current evaluation period had within the AA. The remaining balance on prior period investments as of the examination date was \$9.5 million. When considering both current and prior period investments, this is an excellent level of investments and represented 13.8 percent of tier 1 capital allocated to the AA.

Fort Worth AA

During the evaluation period, ANBTX made 43 investments in bonds and grants in the AA totaling \$11.5 million. This consisted of seven bonds totaling \$11.4 million and 36 grants totaling over \$70,000. In addition, we considered the ongoing impact investments made prior to the current evaluation period had within the AA. The remaining balance on prior period investments as of the examination date was \$2.1 million. When considering both current and prior period investments, this is an excellent level of investments and represented 85.9 percent of tier 1 capital allocated to the AA.

The vast majority of CD investments made in the Dallas and Fort Worth AAs during the evaluation period were in bonds to support low- and moderate-income individuals and geographies. More specifically, the bank invested in ten Independent School Districts (ISD) bonds totaling \$16.7 million and six bonds to municipalities totaling \$10.5 million. These investments improved school facilities in districts in which a majority of students are economically disadvantaged and revitalized and/or stabilized city infrastructures located in low- and moderate-income geographies.

Van Zandt AA

During the evaluation period, ANBTX made ten grants in the Van Zandt AA totaling \$8,700. This represents 0.09 percent of tier 1 capital allocated to the AA. There were no investments made in prior periods with a remaining balance as of the examination date. Based on the low volume of qualifying investments, the bank's responsiveness to the CD needs in the AA is very poor. However, when considering the bank's performance context which helps explain the low level of investments, their performance in the AA is considered poor. To begin with, the Van Zandt non-MSA is composed of only middle- and upper-income census tracts. Also, the unemployment rate is low at 2.98 percent based on 2010 U.S. Census data. Lastly, low- and moderate-income families living in Van Zandt non-MSA represent only 9.1 percent of the total population in the non-MSA. Given these factors, there are limited opportunities for the bank to invest in community development in the Van Zandt non-MSA.

Investments – Broader Statewide Area

When considering the investments made in the three AAs, along with investments made in the broader Texas statewide area, the bank's performance further confirmed the overall "Outstanding" Investment Test rating. During the evaluation period, ANBTX made 26 investments in qualified bonds and grants totaling \$65.1 million. The remaining balance on prior period investments as of the examination date was \$11.9 million. When considering these investments along with all of the other investments in the bank's AAs, the bank made a total dollar amount of \$117.2 million in CD investments.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

ANBTX's performance under the Service Test in Texas is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the Dallas AA is excellent. The bank's performance in the Fort Worth AA and Van Zandt AA is good.

Retail Banking Services

The bank's retail service delivery systems are accessible to essentially all portions of the institution's AAs, including LMI geographies and individuals. Please see Table 15, Appendix C – Distribution of Branch Delivery System and Branch Openings/Closings for the facts and data used to evaluate the distribution of ANBTX's branch delivery system and branch openings and closings.

Dallas AA

The geographic distribution of ANBTX's branches in the Dallas AA is excellent. Branches are readily accessible to geographies and individuals of different income levels. Of the bank's twenty (20) branches in the AA, one is in a low-income geography and eight are in moderate-income geographies. The percentage of ANBTX branches located in low-income geographies is near the percentage population residing in these geographies. The percentage of the bank's branches in moderate-income geographies exceeds the percentage of the population residing in those geographies. Each branch has an Automated Teller Machine (ATM).

During the evaluation period, ANBTX did not open any branches and closed two branches, one in a low-income geography with the other in a middle-income geography. Branch closings have generally not adversely impacted the accessibility of the bank's delivery systems to LMI geographies or individuals.

Branch hours and services do not vary in a way that would inconvenience portions of the AA, particularly LMI geographies or individuals. Services offered and banking hours are comparable among locations regardless of the income level of the geography.

Management augments its traditional service delivery methods with a variety of alternative delivery systems that include ATMs, online banking, telephone banking, banking by mail, direct deposit, debit cards, and Treasury Management services. During the evaluation period, ANBTX introduced the remote deposit capture service for consumers. As of June 30, 2016, 23 proprietary ATMs supplement the 20 full-services branches. These delivery methods provide sufficient access to banking services throughout all areas in the AA.

Fort Worth AA

The geographic distribution of ANBTX's branches in the Fort Worth AA is good. Branches are reasonably accessible to geographies and individuals of different income levels. Of the bank's four branches in the AA, no branches are located in low-income geographies. However, the AA's population living in low-income geographies is limited to only 9.3 percent. The percentage of the bank's branches in moderate-income geographies exceeds the percentage of population residing those geographies. Each branch has an ATM.

During the evaluation period, ANBTX opened two branches in upper-income geographies and closed two branches in upper income geographies. One branch was closed in a moderate-income geography in the Fort Worth AA. Branch openings and closings have generally not adversely impacted the accessibility of the bank's delivery systems to LMI geographies or individuals.

Branch hours and services do not vary in a way that would inconvenience portions of the AA, particularly LMI individuals. Services offered and banking hours are comparable among locations regardless of the income level of the geography.

Management augments its traditional service delivery methods with a variety of alternative delivery systems that include ATMs, online banking, telephone banking, banking by mail, direct deposit, debit cards, and Treasury Management services. During the evaluation period, ANBTX introduced the remote deposit capture service for consumers. As of June 30, 2016, five proprietary ATMs supplement the four full-services branches. These delivery methods provide sufficient access to banking services throughout all areas in the AA.

Van Zandt AA

The geographic distribution of ANBTX's branches in the Van Zandt AA is good. Branches are reasonably accessible to geographies and individuals of different income levels. Of the bank's two branches in the AA, both are located in middle-income geographies. There are no low- or moderate-income geographies situated within this AA. The AA's population primarily resides in middle-income geographies at 90.7 percent. Each branch has an ATM.

During the evaluation period, ANBTX did not open or close any branches in the Van Zandt AA.

Branch hours and services do not vary in a way that would inconvenience portions of the AA, particularly LMI individuals. Services offered and banking hours are comparable among locations regardless of the income level of the geography.

Management augments its traditional service delivery methods with a variety of alternative delivery systems that include ATMs, online banking, telephone banking, banking by mail, direct deposit, debit cards, and Treasury Management services. During the evaluation period, ANBTX introduced the remote deposit capture service for consumers. As of June 30, 2016, three proprietary ATMs supplement the two full-services branches. These delivery methods provide sufficient access to banking services throughout all areas in the AA.

Community Development Services

The bank provides a relatively high level of CD Services in their AAs. Directors, management, and employees have taken leadership roles such as Board members, directors, or committee chairs with

several organizations in both the Dallas and Fort Worth AAs. The bank has met these needs primarily by providing financial services that take advantage of bank employees' financial expertise. The bank's CD activities are responsive to the needs of low-income and moderate-income individuals. These CD services include conducting financial educational programs, providing financial technical assistance, and participating in fundraising activities. ANBTX management and personnel provided a total of 17,252 hours of qualifying CD service during the evaluation period broken down as follows: 14,454 hours for the Dallas AA (84 percent of the total hours); 1,691 hours for the Fort Worth AA (10 percent); 756 hours for the Van Zandt AA (four percent); and 351 hours outside the AAs (2 percent).

ANBTX employees worked with 11 different EDCs in the Dallas, Fort Worth, and Van Zandt AAs and volunteered at least 1,202 hours during our review period. These organizations revitalize and stabilize communities by attracting businesses to create jobs through loans, and by proving grants, tax abatements, and other incentives to attract businesses. Bank employees provided technical financial assistance to the EDCs, small business owners, and small farm owner/operators.

Dallas AA

The following activities were identified for having a high impact on the Dallas AA and demonstrated strong leadership by ANBTX. Some examples of the services provided by the employees and the organizations they work with include the following:

- The bank's General Counsel, Terrell Banking Center President, and a commercial lender all worked and served with the Terrell Economic Development Corporation. Using their financial expertise, this group provided nearly 500 hours of CD services. The mission of the EDC is to develop the entire economy including valuable jobs for all citizens, an effective government that supports the wishes of its citizens, nice homes suitable for families, creative places to shop, and a reputable quality of life for everyone.
- The Regional President to the Rockwall and Dallas Central Texas locations served as a Board member of the Heath EDC and contributed 130 hours to this group in financial expertise. The EDC's mission is to attract and facilitate desirable business opportunities that will stimulate responsible growth. His role is to chair all meetings and meet with developers and business prospects.
- The Banking Center President in Seagoville, Texas served as a Board member of the Crandall EDC and contributed 90 hours to this group in financial expertise. Her role involves providing oversight of programs and finances. The EDC's mission is to enhance its community's quality of life and economic balance.
- Thirty-four ANBTX officers and employees served in various capacities at the Terrell ISD to contribute over 580 CD hours for an array of programs to facilitate multiple financial education programs for Burnett, Long, Wood, High School, OYS summer outreach, provide graduation prep lunch for seniors, work to promote and assist the district through fundraising, and oversee Career/Technical Center programs. The Technical Center was built so that the Terrell ISD could provide a workforce to area businesses. The creation of this Technical Center provides valuable job training to individuals living in the Terrell ISD boundaries. Areas of study offered at the Technical Center include: agriculture; architecture & construction; arts, audio visual, and communication; business, finance, and marketing; education and training; engineering; health sciences; and information technology.
- Two ANBTX employees volunteered 920 hours of CD qualifying services to the Terrell Kiwanis. This organization serves LMI individuals by organizing fundraising and community

service projects such as Angel League, Food Drives, Give A Kid A Smile, Scholarships, and for the Terrell State Hospital.

- ANBTX employees volunteered 541 hours of CD services to the Rotary Club of Terrell. These employees participated in several community and school related activities for homeless and LMI residents and children. ANBTX employees provided financial technical expertise and assisted with fundraising activities.

Fort Worth AA

The following activity is an example of one identified for having a high level on the Fort Worth AA.

- The Banking Center President in North Richland Hills, Texas served as a Board member of the Fort Worth EDC and contributed over 80 hours to this group in financial expertise. The EDC's mission is to promote economic growth by helping business owners purchase long term assets with fixed-rate financing. His role is to participate in approving SBA 504 loan requests.

Van Zandt AA

The following activities were identified for having a high level on the Van Zandt AA. Some examples of the services provided by the employees and the organizations they work with include the following:

- The Banking Center President in Wills Point, Texas served as the President of the Wills Point EDC and contributed over 120 hours to this group in financial expertise. The EDC's mission is to deliver success to enable a competitive community. His role involves providing oversight of programs and finances.
- The Canton Banking Center President has worked with the Canton EDC as a Director and as the President. Overall, she has contributed over 100 hours to this group by providing financial expertise and technical assistance. Her role is to participate in oversight of programs and finances for economic development and to support fundraising events.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD Loans): (01/01/14 to 12/31/15) Investment and Service Tests and CD Loans: (7/1/2012 to 7/31/2016)	
Financial Institution	Products Reviewed	
The American National Bank of Texas (ANBTX) Terrell, Texas	Home Purchase Loans Home Refinance Loans Home Improvement Loans Small Loans to Businesses Community Development Loans Qualified Investments Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>[Instructions: Provide only if affiliate products are reviewed.]</i> Not Applicable	Not Applicable	Not Applicable
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Texas Dallas MD (Dallas AA) #19124 Fort Worth MD (Fort Worth AA) #23104 Van Zandt County (non-MSA)	Full Scope Full Scope Full Scope	Collin, Hunt, Kaufman Rockwall, and eastern Dallas Counties Portions of Tarrant and Johnson Counties Van Zandt County

Appendix B: Market Profiles for Full-Scope Areas

Dallas-Plano-Irving MD (Dallas AA)

Demographic Information for Full Scope Area: ANB - Dallas MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	464	10.56	19.40	27.37	42.24	0.43
Population by Geography	2,231,045	9.33	20.14	28.14	42.39	0.00
Owner-Occupied Housing by Geography	490,983	3.85	15.36	28.49	52.29	0.00
Business by Geography	231,171	5.15	15.62	25.45	53.45	0.33
Farms by Geography	4,451	3.68	16.02	30.80	49.40	0.09
Family Distribution by Income Level	533,900	20.74	15.40	18.20	45.65	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	192,969	17.79	31.33	30.04	20.84	0.00
Median Family Income		67,501	Median Housing Value		192,567	
FFIEC Adjusted Median Family Income for 2013		69,000	Unemployment Rate (2010 US Census)		3.23%	
Households Below Poverty Level		11%				

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

Source: 2010 US Census and 2013 FFIEC updated MFI

The Dallas-Plano-Irving MD (Dallas AA) consists of an eight county area situated in North Central Texas. The MD includes the counties of Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, and Rockwall. When you combine this MD with the Fort Worth-Arlington MD the combined area is known as the Dallas-Fort Worth-Arlington MSA. The 2015 estimated population is 7.1 million people making this area the largest metropolitan area in Texas and the South. It is also the fourth largest metropolitan area in the United States. The area's population has grown by one million people since the 2010 census. This Dallas-Fort Worth-Arlington MSA encompasses 9,286 square miles and making it larger in area than the states of Rhode Island and Connecticut combined.

ANBTX has designated the eastern portion of the Dallas-Plano-Irving MD as their assessment area. The bank's assessment area includes the full counties of Collin, Hunt, Kaufman, Rockwall, and the eastern portion of Dallas County. The Dallas AA consists of 464 census tracts distributed as follows:

- 48 (10.4 percent) low-income
- 91 (19.7 percent) moderate-income
- 123 (26.6 percent) middle-income
- 199 (42.9 percent) upper-income
- 2 (0.4 percent) no income level

The Dallas AA's population totals 2.2 million according to the U.S. Census 2015 estimates and 10.7 percent of the households live below the poverty level. The weighted average median family income is \$81,688 and the household income is \$68,316. There are 489,952 (55.9 percent) owner occupied units in the AA versus 301,694 (34.5 percent) rental occupied units. In addition, one-to-four family units totaled 590,506. This AA also had 253,543 (28.9 percent) multifamily units and vacant housing totals 83,724 (9.6 percent) units. The unemployment rate was reported at 4.3 percent. This AA also had

142,759 people or 18.0 percent of the households on Social Security and had 184,534 people or 8.3 percent of the population being over 65 years old.

As of July 2016, Moody's Analytics reported that the Dallas-Plano-Irving MD economy is soaring. Total employment has risen at well over twice the national pace over the past year. Numerous industries are sharing in the gains, led by financial and professional services and retail trade. As a result, high-wage employment is increasing at triple the national paces. Unemployment is down to 3.6 percent. This growth is being fueled by lower housing costs that other areas of the United States.

Homebuilding is stronger than most metro areas. New permits for single-family homes remain near the early-2000s pace, only about 15 percent below the 2004-2007 boom period. Although new multifamily permits have dropped from the peak in recent months, they remain well above the long-term average. Affordability is becoming an issue, having declined by about 15 percent in the past several years, as a result of the cumulative 40 percent increase in house prices since 2012.

Top employers in the Dallas-Plano-Irving MD are Walmart Stores (34,968), Bank of America Corp. (20,000), Carlson Restaurants Worldwide (19,999), Texas Health Resources (19,230), Baylor Health Care System (16,850), and AT&T (15,800). In addition, the public employment workforce for federal (29,085), state (37,680), and local (210,446) is significant.

ANBTX has 20 traditional banking offices in this AA and each branch has an ATM. The bank provides a full range of loan and deposit products to its members in the state. The primary lending products offered are small business loans and mortgage loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services.

There are 121 financial institutions operating branches in this AA. According to the FDIC's Deposit Market Share Report, as of June 30, 2015, ANBTX had \$2.0 billion in deposits which ranked 12th with a deposit market share of 1.1 percent. The top three financial institutions in this AA are Bank of America, NA, JPMorgan Chase, NA, and Wells Fargo Bank, NA with deposit market shares of 35.6 percent, 22.7 percent, and 6.3 percent, respectively.

ANBTX faces strong competition from other mortgage lenders and loans to small businesses within the AA. Aggregate 2014 peer mortgage data reflects 757 lenders in this market with Wells Fargo Bank, NA, JPMorgan Bank, NA, and Bank of America, NA being the top three lenders with a market share of 11.5 percent, 5.9 percent, and 3.3 percent, respectively (based on the number of loans). ANBTX was ranked 40th with a market share of 0.6 percent. The average mortgage loan in this AA by all lenders was \$237,000 and ANBTX's average mortgage loan was \$219,000.

Aggregate 2014 peer small business lending data reflects 179 lenders in this market. The top three lenders in this market are American Express, FSB, Chase Bank USA, NA, and Citibank, NA with a market share of 21.6 percent, 13.6 percent, and 9.1 percent, respectively (based on the number of loans). ANBTX was ranked 15th with a market share of 1.1 percent. The average small business loan in this AA by all lenders was \$39,000 and ANBTX's average small business loan was \$156,000. ANBTX's total dollar amount of loans in this AA was 125.5 million for a market share of 4.3 percent.

Our assessment included a review of information provided by two recent community contacts within this AA. These contacts were performed by the OCC's Community Affairs office in order to help ascertain

opportunities for financial institutions within this AA. One of these contacts was with a non-profit community development corporation involved with affordable housing and neighborhood revitalization in the Dallas Metro and the other contact was with a minority business development organization. Through these contacts, we identified needs for small business working capital, affordable housing needs, as well as the need for counseling recent homeowners and individuals interested in purchasing a home.

We also reviewed the five year Consolidated Plan of the City of Dallas for the years 2013-2018, which outlines the city has identified needs. Priority needs highlighted within the plan also included; housing availability due to aging inventory and shortage of public/subsidized housing, affordable housing, support services for the homeless, and special needs housing assistance. Other identified needs of public housing clients included employment, job training, education and access to affordable grocery/retail stores. The plan also highlights the Neighborhood Investment Program (NIP) with designated tracts for revitalization and the need for various public services such as medical and dental needs, childcare, youth services, and senior services.

Fort Worth-Arlington MD (Fort Worth AA)

Demographic Information for Full Scope Area: ANB - Ft Worth MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	292	11.30	33.56	30.48	24.32	0.34
Population by Geography	1,409,164	9.28	32.81	32.53	25.38	0.00
Owner-Occupied Housing by Geography	307,138	5.35	26.18	35.59	32.88	0.00
Business by Geography	118,978	6.15	26.34	32.56	34.75	0.20
Farms by Geography	2,182	5.22	25.02	36.30	33.46	0.00
Family Distribution by Income Level	342,583	24.57	18.27	19.02	38.14	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	146,758	14.60	45.09	29.42	10.89	0.00
Median Family Income		65,319	Median Housing Value		140,539	
FFIEC Adjusted Median Family Income for 2013		65,500	Unemployment Rate (2010 US Census)		3.89%	
Households Below Poverty Level		13%				

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

Source: 2010 US Census and 2013 FFIEC updated MFI.

The Fort Worth-Arlington MD (Fort Worth AA) consists of a three county area situated in North Central Texas. The MD includes the counties of Johnson, Parker, Tarrant, and Wise. When combine this MD with the Dallas-Plano-Irving MD this metropolitan area is known as the Dallas-Fort Worth-Arlington MSA. The 2015 estimated population is 7.1 million people making this area the largest metropolitan area in Texas and the South. It is also the fourth largest metropolitan area in the United States. The areas population has grown my one million people since the 2010 census. This Dallas-Fort Worth-Arlington MSA encompasses 9,286 square miles and making it larger in area that the states of Rhode Island and Connecticut combined.

ANBTX has designated portions of Tarrant and Johnson counties as their assessment area. Major roads and were used in establishing the AA. In Tarrant County, I-30, I-35, I-820 and Highway 183 are used to delineate the AA. Given the bank's limited branches in this AA, management determined that these portions of Tarrant and Johnson counties were areas in which the bank could reasonably service. The Fort Worth AA consists of 292 census tracts distributed as follows:

- 33 (11.3 percent) low-income
- 97 (33.2 percent) moderate-income
- 89 (30.5 percent) middle-income
- 72 (24.7 percent) upper-income
- 1 (0.3 percent) no income level

The Fort Worth AA's population totals 1.4 million according to the U.S. Census 2015 estimates and 13.4 percent of the households live below the poverty level. The weighted average median family income is \$67,446 and the household income is \$57,522. There are 307,138 (56.1 percent) owner occupied units in the AA versus 188,123 rental occupied units (34.4 percent). In addition, one-to-four family units totaled 420,340. This AA also had multifamily units totaling 117,319 and vacant housing totals 52,025 units. The unemployment rate was reported at 5.2 percent. This AA also had 102,878 people or 20.8 percent of the households on Social Security and had 128,307 people or 9.1 percent of the population being over 65 years old.

As of July 2016, Moody's Analytics reported that the Fort Worth-Arlington MD economy is significantly weaker than that of neighboring Dallas. Payroll employment is up at only half the national pace year over year, though most industries except core manufacturing have managed to grow during that time. A significant portion of local manufacturing relates directly to the energy industry. The only sources of strength are hospitality and transportation. Unemployment has held firm at around four percent. The local housing market has been relatively flat, with little movement in home sales or new construction, though house prices are rising moderately.

Top employers in the Fort Worth-Arlington MD are American Airlines (24,000), Texas Health Resources (21,100), Lockheed Martin Aeronautics Co. (13,690), Naval Air Station Fort Worth (11,000), and HCA (8,500). In addition, the public employment workforce for federal (14,990), state (13,065), and local (104,219) is significant.

ANBTX has four traditional banking offices in this AA with all four having an ATM. The bank provides a full range of loan and deposit products in this AA. The primary lending products offered are small business loans and mortgage loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services.

There are 65 financial institutions operating branches in this AA. According to the FDIC's Deposit Market Share Report, as of June 30, 2015, ANBTX had \$164.9 million in deposits which ranked them 27th with a deposit market share of 0.5 percent. The top three financial institutions in the AA are JPMorgan Chase, NA, Wells Fargo Bank, NA, and Bank of America, NA with deposit market shares of 18.6 percent, 16.7 percent, and 12.0 percent, respectively.

ANBTX faces strong competition from other mortgage lenders and loans to small businesses within the AA. Aggregate 2014 peer mortgage data reflects 606 lenders in this market with Wells Fargo Bank, NA, JPMorgan Chase Bank, NA, and Quicken Loans being the top three lenders with a market share of 13.2 percent, 5.9 percent, and 3.0 percent, respectively (based on the number of loans). ANBTX was not ranked in this market. The average mortgage loan in this AA by all lenders was \$187,000.

Aggregate 2014 peer small business lending data reflects 145 financial institutions had originated small business loans in this AA. The top three lenders in this AA are American Express, FSB, Chase Bank USA, NA, and Wells Fargo Bank, NA with a market share of 19.9 percent, 11.9 percent, and 11.00 percent, respectively (based on the number of loans). ANBTX was ranked 23rd with a market share of 0.5 percent. The average small business loan in this AA by all lenders was \$39,000 and ANBTX's average small business loan was \$192,000. ANBTX originated \$31.6 million in small business loans in this AA.

Our assessment included a review of information provided by one recent community contact within this AA. The contact was performed by the OCC's Community Affairs office in order to help ascertain opportunities for financial institutions within this AA. The community contact was with a non-profit committed to housing. During the interview, the contact noted the need for multifamily housing and the need for financial institutions to participate in homeownership programs. In addition, the contact noted a need for construction or home improvement loans for pre-existing homes.

Van Zandt County (Van Zandt AA)

Demographic Information for Full Scope Area: ANB - Van Zandt Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	10	0.00	0.00	90.00	10.00	0.00
Population by Geography	52,579	0.00	0.00	90.72	9.28	0.00
Owner-Occupied Housing by Geography	15,268	0.00	0.00	89.08	10.92	0.00
Business by Geography	3,121	0.00	0.00	93.88	6.12	0.00
Farms by Geography	243	0.00	0.00	88.07	11.93	0.00
Family Distribution by Income Level	13,984	16.83	17.54	22.96	42.66	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	4,807	0.00	0.00	90.49	9.51	0.00
Median Family Income		48,160	Median Housing Value		98,986	
FFIEC Adjusted Median Family Income for 2013		50,500	Unemployment Rate (2010 US Census)		2.98%	
Households Below Poverty Level		15%				

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

Source: 2010 US Census and 2013 FFIEC updated MFI.

The bank has designated all of Van Zandt County, a non-MSA county, as their Van Zandt AA, which is immediately east of and adjacent to the Dallas AA. The major cities in this area include Canton and Wills Point. Van Zandt County has ten CTs with nine CTs being middle-income and one being upper-income (no low- or moderate-income census tracts).

The Van Zandt AA's population totals 53,547 according to the U.S. Census 2015 estimates and 14.8 percent of the households live below the poverty level. The weighted average median family income is \$51,819 and the household income is \$43,467. There are 15,268 (67.5 percent) owner occupied units in the AA versus 4,291 rental occupied units (18.9 percent). In addition, one-to-four family units totaled 16,754. This AA also had 5,407 mobile home units and vacant housing totals 3,066 units. The unemployment rate was reported at 3.8 percent. This AA also had 7,190 people or 36.8 percent of the households on Social Security and had 9,271 or 17.6 percent of the population being over 65 years old.

The Texas Comptroller of Public Accounts places Van Zandt County in the Upper East Region as part of this offices effort to monitor the health of this area of Texas. The Comptroller's latest report noted that key industries in 2016 are forest and logging, paper manufacturing, warehousing and storage, and nursing and residential care facilities. The Upper East Region from 2004 to 2014 grew at a seven percent pace while the rest of Texas grew at a 20 percent pace and the entire U.S. population grew at a nine percent pace. This report further noted that this region has one of the state's oldest populations.

Canton is the county seat for Van Zandt County and is one of the largest cities in the AA. Canton's Economic Development Corporation reported the top five employers are Walmart Supercenter (350 employees), Canton ISD (258), Van Zandt County (215), Winning Strategies and Brookshire's Grocery (both 100), and City of Canton (67).

ANBTX has two traditional banking offices with one being in Canton and one in Wills Point. In addition, each branch has an ATM. Another ATM is located in Canton. The bank provides a full range of loan and deposit products in this AA. The primary lending products offered are small business loans

and mortgage loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services.

There are nine financial institutions operating branches in this AA. According to the FDIC's Deposit Market Share Report, as of June 30, 2015, ANBTX had \$105.5 million in deposits which ranked fourth with a deposit market share of 17.5 percent and operates two offices. The top three financial institutions in Van Zandt County are Texas Bank and Trust Company, First State Bank of Ben Wheeler, and Citizens National Bank of Wills Point with deposit market shares of 22.3 percent, 19.6 percent, and 18.4 percent, respectively.

ANBTX faces strong competition from other mortgage lenders and loans to small businesses within the AA. Aggregate 2014 peer mortgage data reflects 156 lenders in this market with Wells Fargo Bank, NA, Service First Mortgage Company, and Texas Bank and Trust Company being the top three lenders with a market share of 10.5 percent, 8.8 percent, and 6.4 percent, respectively (based on the number of loans). ANBTX was ranked fourth with a market share of 6.0 percent. The average mortgage loan in this AA by all lenders was \$130,000 and ANBTX's average mortgage loan was \$128,000.

Aggregate 2014 peer small business lending data reflects 39 lending in this market Austin Bank Texas, NA, Capital One Bank, N.A., and American Express, FSB being the top three lenders with a market share of 18.3 percent, 12.7 percent, and 10.6 percent, respectively (based on the number of loans). ANBTX was ranked sixth with a market share of 4.5 percent. The average small business loan in this AA by all lenders was \$35,000 and ANBTX's average small business loan was \$147,000. Based on the total dollar amount of loans, ANBTX was ranked second with \$5.9 million in this AA.

Community contacts have identified the following credit and community development needs for this AA. In the Canton area, there was a need for affordable housing and development of lots. In Wills Point, there was a need for more small businesses or bigger box type businesses that yield job opportunities. Lending needs in both areas was for more small business lending.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) 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; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. 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. See Interagency Q&As for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- 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 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

Table 1. Lending Volume

LENDING VOLUME												
Geography: TEXAS												
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2015												
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Dallas AA	82.66	869	183,017	1,360	215,488	87	9,014	35	24,707	2,351	432,226	88.00%
Fort Worth AA	10.74	55	16,763	246	49,941	0	0	8	7,433	309	74,704	7.31%
Van Zandt AA	6.60	108	14,421	57	6,399	20	1,662	0	0	185	22,482	4.68%

* Loan Data as of December 31, 2015. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from July 1, 2012 to July 31, 2016.

*** Deposit Data as of August 30, 2016. Rated area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE															Geography: TEXAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2015				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp									
Full Review:																								
Dallas AA	385	81.91	3.85	2.34	15.36	17.92	28.49	36.88	52.30	42.86	0.41	0.63	0.90	0.53	0.28									
Fort Worth AA	35	7.45	5.35	0.00	26.18	14.29	35.59	45.71	32.88	40.00	0.08	0.00	0.05	0.10	0.08									
Van Zandt AA	50	10.64	0.00	0.00	0.00	0.00	89.08	90.00	10.92	10.00	3.48	0.00	0.00	3.31	4.84									

* Based on 2014 Peer Mortgage Data: US and PR.

** 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 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: TEXAS				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2015					Market Share (%) by Geography*				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
Dallas AA	38	88.37	3.85	0.00	15.36	10.53	28.49	47.37	52.30	42.11	0.72	0.00	1.21	1.58	0.40
Fort Worth AA	1	2.33	5.35	0.00	26.18	0.00	35.59	0.00	32.88	100.00	0.00	0.00	0.00	0.00	0.00
Van Zandt AA	4	9.30	0.00	0.00	0.00	0.00	89.08	100.00	10.92	0.00	8.00	0.00	0.00	8.51	0.00

* Based on 2014 Peer Mortgage Data -- US and PR

** 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: TEXAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2015				
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	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Dallas AA	443	86.19	3.85	1.35	15.36	19.86	28.49	41.99	52.30	36.79	0.94	0.92	2.00	1.41	0.60									
Fort Worth AA	17	3.31	5.35	0.00	26.18	17.65	35.59	35.29	32.88	47.06	0.08	0.00	0.06	0.14	0.05									
Van Zandt AA	54	10.51	0.00	0.00	0.00	0.00	89.08	88.89	10.92	11.11	11.71	0.00	0.00	10.61	20.83									

^{*} Based on 2014 Peer Mortgage Data -- US and PR

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

^{***} Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

^{****} Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY															Geography: TEXAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2015				
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	% MF Units ^{***}	% BANK Loans	Overall	Low	Mod	Mid	Upp							
Full Review:																								
Dallas AA	3	60.00	22.75	33.33	22.56	0.00	27.24	33.33	27.46	33.33	0.91	1.64	0.00	0.00	2.08									
Fort Worth AA	2	40.00	11.03	0.00	42.26	50.00	34.81	0.00	11.90	50.00	1.87	0.00	2.22	0.00	7.14									
Van Zandt AA	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00									

^{*} Based on 2014 Peer Mortgage Data -- US and PR

^{**} Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

^{***} Percentage of Multi-Family Units is the number of multi-family units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

^{****} Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: TEXAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2015				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Dallas AA	1,359	81.77	5.15	8.90	15.62	22.37	25.45	34.22	53.45	34.51	1.02	1.13	1.24	1.49	0.72									
Fort Worth AA	246	14.80	6.15	8.94	26.34	24.80	32.56	36.59	34.75	29.67	0.47	0.93	0.42	0.58	0.38									
Van Zandt AA	57	3.43	0.00	0.00	0.00	0.00	93.88	80.70	6.12	19.30	4.33	0.00	0.00	3.99	14.81									

* Based on 2014 Peer Small Business Data -- US and 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 (2015).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE															Geography: TEXAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2015				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share ¹													
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ¹	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Dallas AA	385	81.91	20.74	6.16	15.40	15.97	18.20	16.81	45.65	61.06	0.47	0.68	0.56	0.39	0.46									
Fort Worth AA	35	7.45	24.57	0.00	18.27	4.35	19.02	0.00	38.14	95.65	0.07	0.00	0.03	0.00	0.12									
Van Zandt AA	50	10.64	16.83	6.00	17.54	12.00	22.96	28.00	42.66	54.00	4.30	18.18	3.57	4.88	3.57									

^{*} Based on 2014 Peer Mortgage Data -- US and PR

^{**} 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 Families is based on the 2010 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 8.5% of loans originated and purchased by bank.

¹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT															Geography: TEXAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2015				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*													
	#	% of Total**	% Families**	% BANK Loans****	% Families ²	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Dallas AA	38	88.37	20.74	0.00	15.40	2.63	18.20	15.79	45.65	81.58	0.81	0.00	0.00	0.54	1.01									
Fort Worth AA	1	2.33	24.57	0.00	18.27	0.00	19.02	0.00	38.14	100.00	0.00	0.00	0.00	0.00	0.00									
Van Zandt AA	4	9.30	16.83	0.00	17.54	0.00	22.96	33.33	42.66	66.67	6.98	0.00	0.00	14.29	6.25									

* Based on 2014 Peer Mortgage Data -- US and PR

** 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 Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 2.3% of loans originated and purchased by bank.

² Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE															
Geography: TEXAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2015										
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 ³	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Overall	Low	Mod	Mid	Upp
Full Review:															
Dallas A	443	86.19	20.74	5.19	15.40	10.61	18.20	21.23	45.65	62.97	1.17	1.26	0.87	1.19	1.22
Fort Worth AA	17	3.31	24.57	0.00	18.27	13.33	19.02	6.67	38.14	80.00	0.11	0.00	0.08	0.00	0.19
Van Zandt AA	54	10.51	16.83	0.00	17.54	12.24	22.96	24.49	42.66	63.27	13.33	0.00	12.50	19.35	12.26

^{*} Based on 2014 Peer Mortgage Data -- US and PR

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

^{***} Percentage of Families is based on the 2010 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 5.1% of loans originated and purchased by bank.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: TEXAS			Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2015				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Dallas AA	1,360	81.78	78.54	44.34	60.81	21.32	17.87	1.02	0.97
Fort Worth AA	246	14.79	79.42	42.28	48.37	28.86	22.76	0.47	0.33
Van Zandt AA	57	3.43	81.70	61.40	71.93	19.30	8.77	4.33	4.90

* Based on 2014 Peer Small Business Data -- US and 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 - 2015).

**** 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 4.87% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: TEXAS		Evaluation Period: JULY 1, 2012 TO JULY 31, 2016				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Dallas AA	9	9,520	156	16,873	165	26,393	65.83	2	3,419
Fort Worth AA	2	2,209	43	11,485	45	13,694	34.15	0	0
Van Zandt AA	0	0	10	9	10	9	0.02	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: TEXAS Evaluation Period: JULY 1, 2012 TO JULY 31, 2016																	
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
Full Review:																	
Dallas AA	88.00	20	76.92	5.00	40.00	45.00	10.00	0	2	-1	0	-1	0	9.15	20.32	27.61	42.93
Fort Worth AA	7.31	4	15.38	0.00	25.00	0.00	75.00	2	3	0	-1	0	0	9.28	32.39	32.52	25.82
Van Zandt AA	4.68	2	7.69	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	90.72	9.28

