



PUBLIC DISCLOSURE

July 2, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Ballinger National Bank
Charter 23183

900 Hutchings Avenue
Ballinger, Texas 76821

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San Antonio North Field Office
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San Antonio, Texas 78216-4133

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: Satisfactory

The Lending Test is rated: Satisfactory

Ballinger National Bank's (BNB) lending performance reflects a satisfactory record of meeting community credit needs within its assessment area (AA). Factors supporting the rating include:

- The average quarterly loan-to-deposit (LTD) ratio is reasonable given BNB's size and financial condition; and the demographic composition and community credit needs within the AA.
- A substantial majority of loans, by number and by dollar volume, originated inside the AA.
- The distribution of loans to farms and businesses of different sizes and to borrowers of different incomes is reasonable
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- There were no CRA-related complaints during the evaluation period.

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 generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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 conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, 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 five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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 Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties 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) 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 One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is 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

BNB is a \$42 million single location community bank headquartered in Ballinger, Texas, approximately 40 miles northeast of San Angelo and 60 miles southwest of Abilene. James Springer and his sons, Phillip and David, founded the bank in 1997. It has no holding company, and is owned entirely by members of the Springer family. BNB offers a full range of traditional commercial and consumer banking products, and related financial services. Bank lobby and drive-through services are provided at convenient hours Monday through Friday. In addition, BNB provides 24-hour automated teller machine (ATM) access and telebanking, as well as access to banking services through its website (www.ballingernationalbank.com).

As of March 31, 2018, BNB reported net loans of \$16 million which represented 38 percent of total assets. The bank is primarily an agricultural lender. Although residential loans are the second largest segment of the loan portfolio, the majority are non-owner occupied investment properties. The bank does not make many traditional mortgages due to the complexity and regulatory requirements of underwriting those loans and because it does not have sufficient resources to generate a larger amount of traditional residential mortgages. The following table depicts BNB's loan portfolio composition as of March 31, 2018.

LOAN PORTFOLIO SUMMARY BY LOAN PRODUCT		
MARCH 31, 2018		
Loan Category	Dollar Volume \$('000s)	% of Outstanding Dollars
Agriculture/Farm	6,455	39%
Residential	4,883	30%
Commercial	2,964	18%
Consumer	1,408	9%
Other Loans	625	4%
Total	16,335	100%

There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs of the community in the AA. The last CRA performance evaluation, dated August 26, 2013, assigned BNB a "Satisfactory" rating. There have been no significant changes in BNB's corporate structure or its business strategy, and it has not opened or closed any branches since the prior CRA evaluation. BNB's current business strategy is to maintain its position as a small local community bank that provides a personal relationship to its customer base.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated BNB using small bank CRA examination procedures that include five performance criteria: loan-to-deposit ratio, lending in the AA, lending to borrowers of different income levels and businesses of different sizes, geographic distribution of loans, and responses to CRA-related complaints. The evaluation period is from August 26, 2013, the date of the previous CRA evaluation through July 2, 2018, the date of the current evaluation.

The scope of the lending test focused on BNB's primary products, and lending activity between January 1, 2015 and December 31, 2017. During the evaluation period, census demographics changed and income designations changed for two CTs. The changes required separate loan activity analyses for two separate evaluation periods. For the years 2015 and 2016, loan activity was compared to 2010 census demographic data and included the updated income designation change in one CT from moderate-income to middle-income. For 2017, loan activity was compared to the 2015 American Community Survey (ACS) census data first published in 2017 and included the updated income designation change to one CT from middle-income to moderate-income.

Primary lending products during the 2015 – 2016 evaluation period were agricultural related loans and home mortgage loans to improve or purchase non-owner occupied 1-4 family residences for investment purposes. We determined BNB had the same primary lending products for the 2017 evaluation period. Since BNB is not required to report home mortgage loans for HMDA purposes, we selected a sample of loans for each primary product and each evaluation period. For the 2015 – 2016 evaluation period, the sample included 22 agricultural related loans and 21 non-owner occupied residential loans. For the 2017 evaluation period, the sample included 23 agricultural related loans and 11 non-owner occupied residential loans. Due to the low volume of residential loans in 2017, we also sampled 22 commercial and industrial loans.

Data Integrity

We verified the accuracy of BNB's loan data through the sampling process. We found the data in the bank's records was accurate.

Selection of Areas for Full-Scope Review

BNB has one AA and it received a full-scope review. Refer to the tables in Appendices A, B, and C for additional information.

Ratings

BNB's overall rating is based on the full-scope review of the Runnels County AA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, 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, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

Conclusions with Respect to Performance Tests

LENDING TEST

BNB's performance under the lending test is satisfactory. BNB demonstrated satisfactory performance based on its reasonable average quarterly LTD ratio, a substantial majority of loans originated inside the AA, reasonable dispersion of loans throughout the AA, and reasonable penetration to farms and businesses of different sizes and to borrowers of different incomes.

Loan-to-Deposit Ratio

BNB's average quarterly LTD ratio is reasonable given its size and financial condition, and the AA credit needs. BNB's ratio for the 19 quarters since the prior CRA examination is 43 percent, ranging from a low of 39 percent to a high of 49 percent. BNB's ratio compares favorably to the average quarterly LTD ratio of six similarly-sized banks that operate in similar rural areas. The ratio for the six banks is 42 percent, ranging from a low of 18 percent to a high of 60 percent. We did not include two other banks that operate in Runnels County (one in Ballinger) in our comparison as both have branches in the San Angelo MSA and both are significantly larger than BNB.

BANK NAME	COUNTY	TOTAL ASSETS as of 3/31/2018 (000'S)	AVERAGE QUARTERLY LTD RATIO
Menard Bank	Menard County	36,369	45%
First State Bank	Taylor County	41,841	45%
Ballinger National Bank	Runnels County	42,419	43%
Robert Lee State Bank	Coke County	44,265	41%
The Santa Anna National Bank	Coleman County	48,923	60%
The Security State Bank	Runnels County	60,046	41%
The City National Bank of San Saba	San Saba County	66,796	18%

Source: 3/31/18 Call Report Data.

Lending in Assessment Area

BNB originated a substantial majority of loans by number and dollar volume inside the AA. As reflected in the following table, BNB originated 80 percent by number and 77 percent by dollar volume of loans inside its AA. The following table reflects the percentages, by number and dollar volume, of loans originated inside the AA.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Agricultural	35	88	5	12	40	1,133	78	327	22	1,461
Non-Owner Occupied Homes	20	65	11	35	31	1,409	67	685	33	2,095
Commercial & Industrial	18	90	2	10	20	1,281	92	116	8	1,397
Total	73	80	18	20	91	3,823	77	1,128	23	4,953

Source: Bank Loan Data 2015-2017

Geographic Distribution of Loans

Refer to Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography, Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography, and Table S: Assessment Area Distribution of Loans to Farms by Income Category of the Geography in Appendix C for the facts and data used to evaluate the bank’s lending activity.

The geographic distribution of loans reflects reasonable dispersion throughout the AA.

Agricultural Loans

For the 2015 – 2016 evaluation period, an analysis would not be meaningful as the AA did not include any low- or moderate-income geographies. However, we noted the dispersion of loans in the middle- and upper-income geographies equaled AA demographic data.

For the 2017 evaluation period, the distribution of loans in the moderate-income geographies reflects very poor dispersion as the bank did not originate any loans in these geographies. However, there is only one moderate-income geography in the AA and it is comprised almost entirely by the city of Winters. BNB does not have a physical presence in this city, and there is significant competition from a bank headquartered in this city that offers similar products and services. In addition, the number of farms in the moderate-income geography dropped to 12 from the 63 reported at the last CRA evaluation in 2013.

Home Mortgage Loans

For the 2015 – 2016 evaluation period, an analysis would not be meaningful as there were no low- or moderate-income geographies in the AA. However, we noted 100 percent of the loans in the sample originated in middle-income geographies exceeding the percentage of owner-occupied housing units in these geographies.

For the 2017 evaluation period, the distribution of loans reflects excellent dispersion. The dispersion of loans in the moderate-income geographies nearly equaled the percentage of owner-occupied housing units in these geographies. There were no low-income geographies in the AA.

Commercial and Industrial Loans

For the 2015 – 2016 evaluation period, an analysis would not be meaningful as these loans were not a primary lending product in this evaluation period.

For the 2017 evaluation period, the distribution of loans in the moderate-income geographies reflects poor dispersion as percentage of bank loans in these geographies is lower than the percentage of businesses in the moderate-income geography. As noted previously, this geography is comprised almost entirely by the city of Winters. BNB has significant competition from the bank headquartered there that offers similar products and services. Since the previous CRA evaluation, the number of businesses in the moderate-income geography dropped 477 to 141 further limiting BNB's opportunity to originate loans.

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

Refer to Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower, Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues, and Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues in Appendix C for the facts and data used to evaluate the bank's lending activity.

The distribution of loans to borrowers of different incomes and to farms and businesses of different sizes reflects reasonable penetration.

Agricultural Loans

For the 2015 – 2016 evaluation period, 100 percent of the sampled loans originated to farms with annual revenues equal to or less than \$1 million. Demographic data reflects 97 percent of the farms in the AA have annual revenues equal to or less than \$1 million. The distribution of farm loans reflects excellent penetration to farms of different sizes.

For the 2017 evaluation period, 95 percent of the sampled loans originated to farms with annual revenues equal to or less than \$1 million. Demographic data reflects 98 percent of the farms in the AA have annual revenues equal to or less than \$1 million. We noted one loan to a farm with annual revenue greater than \$1 million. This same farm qualified as a small farm in previous years because it had annual revenue equal to or less than \$1 million. The distribution of farm loans reflects reasonable penetration to farms of different sizes.

Home Mortgage Loans

For the 2015 – 2016 evaluation period, the distribution of sampled loans reflects poor penetration to borrowers of different income levels, especially low- or moderate-income borrowers. We noted BNB did originate one loan to a low-income borrower and one loan to a moderate-income borrower in our sample. Demographic data reflects that of the 3,703 occupied housing units, 2,814 (or 76 percent) are owner occupied. As previously noted, BNB does not originate many traditional mortgage loans and the sample included non-owner occupied residential loans.

For the 2017 evaluation period, BNB originated just six loans in the AA; too few for a meaningful analysis.

Commercial and Industrial Loans

For the 2015 – 2016 evaluation period, we did not perform an analysis because these loans were not identified as a primary lending product during this time frame.

For the 2017 evaluation period, 80 percent of the sampled loans originated to businesses with annual revenues equal to or less than \$1 million. Demographic data reflects 78 percent of the businesses in the AA have annual revenues equal to or less than \$1 million. The distribution of business loans reflects excellent penetration to businesses of different sizes.

Responses to Complaints

BNB did not receive any complaints related to its CRA performance during the evaluation period.

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: (01/01/2015 to 12/31/2016)	
Financial Institution		Products Reviewed
Ballinger National Bank (BNB) Ballinger, Texas		1-4 Non-Owner Occupied Home Loans Agricultural Loans Commercial and Industrial Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Runnels County	Full Scope	

Appendix B: Community Profiles for Full-Scope Areas

The following tables reflect pertinent demographic information for the Runnels County AA for the 2015 – 2016 and 2017 evaluation periods.

Table A – Demographic Information of the Runnels County Assessment Area 2015 - 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0	0	75	25	0
Population by Geography	10,501	0	0	87	13	0
Housing Units by Geography	5,330	0	0	84	16	0
Owner-Occupied Units by Geography	2,847	0	0	84	16	0
Occupied Rental Units by Geography	1,106	0	0	93	7	0
Vacant Units by Geography	1,377	0	0	77	23	0
Businesses by Geography	672	0	0	88	12	0
Farms by Geography	153	0	0	65	35	0
Family Distribution by Income Level	2,903	27	18	16	39	0
Household Distribution by Income Level	3,953	26	16	20	38	0
Median Family Income Non-MSAs - TX		\$47,817	Median Housing Value			\$67,323
			Median Gross Rent			\$472
			Families Below Poverty Level			18.1%
<i>Source: 2010 U.S. Census and 2016 D&B Data Due to rounding, totals may not equal 100.0</i>						

Table A – Demographic Information of the Runnels County Assessment Area 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0	25	50	25	0
Population by Geography	10,445	0	22	66	12	0
Housing Units by Geography	5,268	0	21	62	17	0
Owner-Occupied Units by Geography	2,814	0	18	66	16	0
Occupied Rental Units by Geography	889	0	33	59	8	0
Vacant Units by Geography	1,565	0	19	57	24	0
Businesses by Geography	669	0	21	67	12	0
Farms by Geography	138	0	9	60	31	0
Family Distribution by Income Level	2,669	23	19	20	38	0
Household Distribution by Income Level	3,703	25	16	19	40	0
Median Family Income Non-MSAs - TX		\$52,076	Median Housing Value			\$69,342
			Median Gross Rent			\$534
			Families Below Poverty Level			15.4%
<i>Source: 2015 ACS Census and 2017 D&B Data Due to rounding, totals may not equal 100.0</i>						

BNB has one AA; Runnels County. The AA meets regulatory requirements, does not reflect discrimination, and does not arbitrarily exclude any low- or moderate-income geographies. The AA is comprised of four contiguous CTs and not in a MSA. The city of Ballinger, the largest population center in the AA, is the county seat. The AA also includes the cities of Miles and Winters, and the unincorporated communities of Benoit, Norton, Rowena, and Wingate. The population of Runnels County declined by almost 9 percent between 2000 and 2010, and estimated census data for 2017 reflects an additional decline of 2 percent between 2010 and 2017.

The AA remains the same as that identified at the previous CRA evaluation. However, the income category changed for two of the four CTs during the current evaluation period. CT 9506 changed from moderate-income to middle-income during the 2015 to 2016 evaluation period and CT 9502 changed from middle-income to moderate-income during the 2017 evaluation period. In addition, the two middle-income CTs at the previous CRA evaluation were designated distressed because the poverty level in Runnels County exceeded 20 percent. The poverty level improved and dropped to less than 20 percent resulting in neither middle-income CT designated as distressed for 2015, 2016, or 2017. BNB is located in CT 9506, a middle-income CT. The following table reflects CT income categories used to evaluate geographic distribution analysis for each evaluation period.

Census Tract Income Category by Evaluation Period		
Census Tract Number	2015 - 2016 Evaluation Period	2017 Evaluation Period
9501	Upper	Upper
9502	Middle	Moderate
9505	Middle	Middle
9506	Middle	Middle

BNB faces strong competition from the other community banks located in the AA. The FDIC Deposit Market Share Report for June 30, 2018 reflects five financial institutions operate one office each in the AA. BNB ranks fourth with a deposit market share of 17 percent; First National Bank of Ballinger ranks first with a 33 percent deposit market share. BNB is the smallest of the four banks headquartered in the AA and has only one location. Two of the four banks also have branches in the San Angelo MSA providing them loan and deposit opportunities from a larger, more urban market.

Primary industries in the AA include agribusiness (farming and ranching), healthcare services, retail trade, and light manufacturing. Major employers include Mueller Supply (metal manufacturer), Buddy's Plant Plus Corporation (fertilizer manufacturer), and Dankworth Packing Company (meat wholesaler). Other major employers include the local school district and Runnels County. Business demographic information as of June 2017 from Dunn and Bradstreet and the 2015 ACS US Census data reflects 669 businesses in the AA; 86 percent are single locations and 75 percent reported fewer than five employees. Slightly less than 2 percent of the businesses reported 50 or more employees.

As of July 2018, the U.S. Bureau of Labor Statistics reports an unemployment rate of 3.3 percent for Runnels County. The rate compares favorably to the July 2018 national and state unemployment rates of 3.9 percent and 4 percent, respectively.

We met with two community contacts to identify credit needs of the community. The contacts indicated banks are actively involved in funding community needs, participating in community events, assisting with school functions, and offering some basic banking presentations to high school students. While the contacts did not identify specific credit needs, they indicated financial education, including credit options available from local institutions, could benefit the general population.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each AA within the state rating areas. For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “Aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the assessment area; (3) the “% Total” represents the percentage of all bank HMDA loans during the relevant evaluation period; (4) the “Overall Market” represents the number of loans in the relevant AA by Aggregate lenders. Tables without data are not included in this PE. The following is a listing and brief description of the tables included in each set:

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - 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 aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - 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 aggregate peer data for the years the data is available.

Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography - The percentage distribution by 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. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue - 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. The table also presents aggregate peer data for the years the data is available.

Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography - 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. 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 T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues - 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. The table also presents aggregate peer data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2015-2016	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$ (000)	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Runnels County	15	871	100	--	0	0	--	0	0	--	84	100	--	16	0	--	0	0	--	
<i>Source: 2010 U.S Census; 2015 to 2016 Loan Sample; "--" data not available Due to rounding, totals may not equal 100</i>																				

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$ (000)	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Runnels County	6	947	100	--	0	0	--	18	170	--	6	67	--	16	17	--	0	0	--	
<i>Source: 2015 ACS Census; 2017 Loan Sample; "--" data not available Due to rounding, totals may not equal 100</i>																				

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower

2015-2016

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$ (000)	% of Total	Overall Market	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate
Runnels County	15	871	100	--	27	7	--	17	7	--	17	33	--	39	46	--	0	7	--

Source: 2010 U.S Census; 2015 to 2016 Loan Sample; "--" data not available
Due to rounding, totals may not equal 100

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower

2017

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$ (000)	% of Total	Overall Market	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate
N/A				--	23		--	19		--	20		--	38		--	0		--

Source: 2015 ACS Census; 2017 Loan Sample: bank originated only 6 loans, too few for a meaningful analysis; "--" data not available
Due to rounding, totals may not equal 100

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2015-2016																
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$ (000)	% of Total	Overall Market	% of Businesses	% Bank Loans	Aggregate	% of Businesses	% Bank Loans	Aggregate	% of Businesses	% Bank Loans	Aggregate	% of Businesses	% Bank Loans	Aggregate
N/A				--	0		--	0		--	86		--	14		--
<i>Source: 2016 D&B Data; No loans sampled as not a primary product in 2015 – 2016 evaluation period; "--" data not available Due to rounding, totals may not equal 100</i>																

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$ (000)	% of Total	Overall Market	% of Businesses	% Bank Loans	Aggregate	% of Businesses	% Bank Loans	Aggregate	% of Businesses	% Bank Loans	Aggregate	% of Businesses	% Bank Loans	Aggregate
Runnels County	20	1,304	100	--	0	0	--	21	5	--	67	95	--	0	0	--
<i>Source: 2017 D&B Data; 2017 Loan Sample; "--" data not available Due to rounding, totals may not equal 100</i>																

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2015 - 2016	
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#		% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
N/A				--	77		--	4		19	
<i>Source: 2016 D&B Data; No loans sampled as not a primary product in 2015 – 2016 evaluation period; "--" data not available Due to rounding, totals may not equal 100The "% of Total" represents the share of business loan originations in this AA.</i>											

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2017	
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#		% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Runnels County	20	1,304	100	--	78	80	--	5	20	17	0
<i>Source: 2017 D&B Data; 2017 Loan Sample; "--" data not available Due to rounding, totals may not equal 100 The "% of Total" represents the share of business loan originations in this AA.</i>											

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography											2015 - 2016	
Assessment Area:	Total Loans to Farms		Low-Income Tracts		Moderate- Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available- Income Tracts	
	#	\$	% Farms	% Bank Loans	% Farms	% Bank Loans	% Farms	% Bank Loans	% Farms	% Bank Loans	% Farms	% Bank Loans
Runnels County	20	619	0	0	0	0	64	65	36	35	0	0
<i>Source: 2016 D&B Data; 2017 Loan Sample; "--" data not available Due to rounding, totals may not equal 100</i>												

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography											2017	
Assessment Area:	Total Loans to Farms		Low-Income Tracts		Moderate- Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available- Income Tracts	
	#	\$	% Farms	% Bank Loans	% Farms	% Bank Loans	% Farms	% Bank Loans	% Farms	% Bank Loans	% Farms	% Bank Loans
Runnels County	20	1,853	0	0	9	0	60	55	31	45	0	0
<i>Source: 2017 D&B Data; 2017 Loan Sample; "--" data not available Due to rounding, totals may not equal 100</i>												

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues								2015 - 2016	
Assessment Area:	Total Loans to Farms		Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#		%Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Runnels County	20	619	97	100	--	2	0	1	0
<i>Source: 2016 D&B Data; 2017 Loan Sample; "--" data not available Due to rounding, totals may not equal 100</i>									

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues								2017	
Assessment Area:	Total Loans to Farms		Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#		%Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Runnels County	20	1,853	98	95	--	2	5	0	0
<i>Source: 2017 D&B Data; 2017 Loan Sample; "--" data not available Due to rounding, totals may not equal 100</i>									