



## PUBLIC DISCLOSURE

February 14, 2022

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American Bank, National Association  
Charter Number 17319

200 West Highway 6  
Waco, TX 76712

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

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 Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Outstanding.**

The major factors that support this rating include:

- The Lending Test rating is based on performance in the bank's assessment area (AA).
- The Community Development (CD) Test rating is based on performance in the bank's AA.
- The Loan-To-Deposit (LTD) ratio is reasonable.
- A majority of the bank's loans are inside its AA.
- The geographic distribution of loans across geographies of different income levels is excellent.
- The borrower distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable.
- CD activities reflect excellent responsiveness to community development needs.

### **Loan-to-Deposit Ratio**

Considering the bank's size, financial condition, and credit needs of the AA, the bank's loan-to-deposit ratio is reasonable. The LTD ratio is calculated on a bank-wide basis. The bank's quarterly average LTD ratio during the evaluation period was 81.8 percent. We compared the bank's LTD ratio to similarly situated institutions operating in the area. The average LTD ratio for the peer banks was 74.1 percent.

### **Lending in Assessment Area**

A majority of the bank's loans are inside its AA.

The bank originated and purchased 84.9 percent of its total loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The Lending Test included a review of the bank's home mortgages and loans to small businesses. The findings from this analysis factored into the overall analysis of the geographic distribution of lending by income level of the geography.

**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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	93	79.5	24	20.5	117	18,441	71.7	7,282	28.3	25,722
2020	140	85.4	24	14.6	164	38,882	83.6	7,637	16.4	46,519
2021	140	85.9	23	14.1	163	28,729	73.3	10,451	26.7	39,180
<b>Subtotal</b>	<b>373</b>	<b>84.0</b>	<b>71</b>	<b>16.0</b>	<b>444</b>	<b>86,052</b>	<b>77.2</b>	<b>25,369</b>	<b>22.8</b>	<b>111,421</b>
Small Business										
2019	174	86.6	27	13.4	201	50,140	70.6	20,899	29.4	71,040
2020	616	83.5	122	16.5	738	160,092	81.9	35,330	18.1	195,423
2021	503	86.9	76	13.1	579	143,715	91.5	13,396	8.5	157,112
<b>Subtotal</b>	<b>1,293</b>	<b>85.2</b>	<b>225</b>	<b>14.8</b>	<b>1,518</b>	<b>353,948</b>	<b>83.6</b>	<b>69,627</b>	<b>16.4</b>	<b>423,575</b>
<b>Total</b>	<b>1,666</b>	<b>84.9</b>	<b>296</b>	<b>15.1</b>	<b>1,962</b>	<b>440,000</b>	<b>82.2</b>	<b>94,996</b>	<b>17.8</b>	<b>534,996</b>

Source: Bank Data  
Due to rounding, totals may not equal 100.0%

## Description of Institution

American Bank (American or bank) is a single state full-service bank chartered in June 1982 and headquartered in Waco, Texas. In addition to the main office, the bank operates three branch offices within its delineated AA, McLennan County. The three branches include a new branch that opened in July 2020. There was no merger or acquisition activity since the previous CRA evaluation. American National Bancshares, Inc., a one-bank holding company, owns 100 percent of the bank.

American's physical offices are its primary delivery system for retail products and services. Below are the bank's main office and branch offices locations in the city of Waco:

- 200 West Highway 6, Waco, Texas 76712 (Main Office) – census tract (CT) 0025.93 – Upper (Plaza)
- 1601 North Interstate 35, Waco, Texas 76705 – CT 0016.00 – Moderate (Bellmead)
- 325 Franklin Avenue, Waco, Texas 76701 CT 001.00 – Moderate (Downtown)
- 5901 Woodway Drive, Waco, Texas 76701 CT 0025.03 – Upper (Woodway)

The bank's main office and its three branch offices offer identical services, except for the downtown (Franklin Ave.) location, which does not offer a drive-thru facility, although a deposit-taking Automatic Teller Machine (ATM) and night deposit drop are available on location. The Plaza location offers safe deposit boxes as well. The bank's banking programs and hours allow the bank to deliver needed banking and credit services to low- and moderate-income (LMI) areas and customers, as well as small business owners throughout the bank's AA. These branches each have full-service ATMs. There are 13 cash-dispensing

ATMs/Interactive Teller Machines (ITM) in total. Of these machines, eight ATMs/ITMs take deposits.

The bank offers online banking through its website, [www.ambankwaco.com](http://www.ambankwaco.com). Telephone banking and ATM services are available in Spanish. Each bank location has employees who speak Spanish. Within the website, the bank provides education on financial related topics via “Ambank University”. Customers can learn about the products and services offered such as remote deposit capture and online banking, in addition to identity theft prevention and business identification theft prevention. The bank originates commercial and commercial real estate loans (business loans) to small and midsize businesses and business owners, as well as residential real estate loans categorized by purchase, refinance, and improvement (home mortgage loans).

American has only one AA, which is located in Texas, that will be assessed under this evaluation. McLennan County is in the Waco MSA and is comprised of 51 CTs. Of those CTs, seven are low-income, 15 are moderate-income, 13 are middle-income, 14 are upper-income, and two are unknown. The county does not have any underserved or distressed CTs. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies.

As of December 31, 2021, American reported total assets of \$605.3 million, total liabilities of \$553.5 million, and tier 1 capital of \$51.6 million. Gross loans totaling \$395 million represent 65.2 percent of total assets. Commercial and commercial real estate loans and mortgage loans account for the largest percentage of gross loans at 63.1 percent and 35.6 percent, respectively. Consumer loans total 1.3 percent. Farm and agriculture loans represent only 0.1 percent of gross loans. Total investments were \$191.1 million. Based on these numbers, we determined the bank’s primary lending products for this evaluation are residential real estate mortgages and small business loans.

The previous CRA evaluation dated January 14, 2019, assigned a “Satisfactory” rating to the bank. There are no legal or financial impediments to the bank’s ability to meet the credit needs of its AA.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This Performance Evaluation (PE) assesses the bank’s performance under the Lending Test and the CD Test. In evaluating the bank’s lending performance, we reviewed residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA), a sampling of loans to small businesses, and CD loans. We also evaluated CRA qualified investments including donations and grants as well as retail and CD services. Analysis of loans inside the AA may contain all loan types as that ratio is evaluated on a bank-wide basis.

The evaluation period for the Lending Test is January 1, 2019 through December 31, 2021. The review period for the CD Test is January 1, 2018 through December 31, 2021. Our conclusions related to CD loans, qualified investments including donations, and CD services were based on the number and dollar amounts made during the evaluation period.

For geographic and borrower distribution analyses, loans originated in 2019 through 2021 are compared to the 2015 American Community Survey (ACS) census data for mortgages and the 2020 Dun & Bradstreet (D&B) data for loans to small businesses.

### **Selection of Areas for Full-Scope Review**

American has only one AA. The McLennan County AA is comprised of McLennan County, in its entirety, and it contains 51 CTs. McLennan County is located in the Waco MSA. The bank's main location and three branch offices are in this AA. We have selected the AA for a full-scope review.

### **Ratings**

The bank's overall rating is based on the performance in the State of Texas. The state rating is based on performance in the bank's only AA. For the geographic and borrower distribution of loans under the Lending Test, consideration was given to the number of loans and dollar volume of loans originated in each category. Lending to small businesses received the most weight and then the one- to four-family mortgage lending was considered. Refer to the "Scope" section under the "State Rating" section for details regarding how the areas were weighted in arriving at the respective ratings.

### **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 AA 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 Bureau of Consumer Financial Protection, 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.

## State Rating

### State of Texas

#### CRA rating for the State of Texas: Satisfactory

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Outstanding**

The major factors that support this rating include:

- The geographic distribution of loans across geographies of different income levels is excellent.
- The borrower distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable.
- CD activities reflect excellent responsiveness to community development needs.

### Description of Institution's Operations in Texas

The bank operates in one AA in the State of Texas as described in the "Description of the Institution" and the "Scope of Evaluation" sections of this PE. The bank's primary focus based on overall dollar amounts held in portfolio is business loans and residential mortgage loans.

Competitors include other local community banks and some of the United States largest banks that have a nationwide footprint as well as credit unions and nonbank financial entities that compete for residential, business, and consumer loans. Community credit needs in the full-scope AA were determined by reviewing recent housing and demographic information, CRA PEs from other banks operating in the bank's AA, and a review of community contacts with organizations that provide services within the full-scope AA.

#### McLennan County AA

The bank has its main office and three branch offices in the McLennan County AA. According to the peer market share report, American Bank, NA has a market share of 1.4 percent and ranks 23rd out of 453 lenders. According to the deposit market share report, the bank has a market share of 7.2 percent with total deposits of \$502.3 million. The bank ranks 6th out of 24 institutions. The McLennan County AA has 63 financial institution branches.

According to Moody's Analytics, Waco's economy is prospering, anchored by Baylor University and its growing student body. Waco is expected to outperform the U.S. over the long run, but below average income and population growth mean Waco will trail the state. The Waco area has also experienced accelerated house appreciation, and this has negatively impacted housing affordability. Residential investment has improved even though homebuilders are dealing with high material costs. Residential investment, however, remains low. While the unemployment rate in Waco at approximately 5.2 percent shows a positive trend, it trails the state average due to

the lack of quality employment. Owner-occupied housing units in the AA total 50,850. The majority of the housing units are in the upper-income geographies. Only 4.5 percent are in low-income CTs and 22.1 percent in moderate-income CTs. The poverty level in Waco is 14.7 percent and the median family income is \$54,026.

To help identify needs and opportunities in the AA, the OCC conducted a community contact for the McLennan County AA. The organization we contacted is a non-profit organization in Waco, Texas that has a mission to inspire and cultivate healthy neighborhoods. They have a designed “Path to Ownership” program to assist with home ownership. Among the organization’s goals are to promote home ownership in depressed neighborhoods, improve the infrastructure of designated areas, develop guidelines for improving existing housing and new housing development, promote economic development, and promote social services.

The community contact indicated that there continues to be a need for affordable housing in the Waco area including 30-year fixed rate loans to low- and moderate-income individuals. The contact stated that there is also a need for small business and consumer lending. He indicated that banks do what they can to help the community considering funding sources. He stated that as a result of the lack of longer-term mortgages, most borrowers end up going to mortgage companies to obtain long-term loans.

**McLennan County AA**

<b>Table A - Demographic Information of the Assessment Area</b>						
<b>Assessment Area: McLennan County AA 2021</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	51	13.7	29.4	25.5	27.5	3.9
Population by Geography	241,505	10.4	29.8	23.2	35.0	1.6
Housing Units by Geography	96,935	12.1	30.1	24.8	33.0	0.0
Owner-Occupied Units by Geography	50,850	4.5	22.1	26.9	46.4	0.0
Occupied Rental Units by Geography	35,919	20.7	40.9	20.5	17.9	0.0
Vacant Units by Geography	10,166	19.6	31.8	29.2	19.3	0.0
Businesses by Geography	18,049	5.1	30.3	25.0	39.1	0.6
Farms by Geography	633	2.4	14.1	36.5	47.1	0.0
Family Distribution by Income Level	57,860	22.5	17.7	18.0	41.8	0.0
Household Distribution by Income Level	86,769	25.3	16.0	15.6	43.1	0.0
Median Family Income MSA - 47380 Waco, TX MSA		\$54,026	Median Housing Value			\$112,021
			Median Gross Rent			\$780
			Families Below Poverty Level			14.7%

*Source: 2015 ACS and 2020 D&B Data  
Due to rounding, totals may not equal 100.0%  
(\* ) The NA category consists of geographies that have not been assigned an income classification.*

## **Scope of Evaluation in Texas**

As discussed earlier, the McLennan County AA was selected for a full-scope review. Refer to the table in Appendix A for a list of all AAs under review.

## **Conclusions in Respect to Performance Tests in Texas**

### **Lending Test**

The bank's performance under the Lending Test in Texas is rated Satisfactory.

### **Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, the bank's lending performance in the state of Texas is reasonable.

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

The bank exhibits excellent geographic distribution of loans in the state.

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

The geographic distribution of mortgage loans in the AA is excellent. Refer to Table O in the State of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

In every year from 2019-2021, the bank's mortgage lending in low- and moderate-income geographies exceeded the owner-occupied housing units and exceeded the aggregate lending in the AA.

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

The geographic distribution of small business loans in the AA is excellent. Refer to Table Q in the State of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

In every year from 2019-2021, the bank's small loans to businesses in low- and moderate-income geographies exceeded both the percentage of businesses located in low- and moderate-income geographies and the aggregate lending.

#### ***Lending Gap Analysis***

We evaluated the lending distribution in the bank's AA to determine if any unexplained conspicuous gaps existed. There were no unexplained conspicuous gaps identified after reviewing performance context.

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

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

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

The distribution of loans to low- and moderate-income individuals is poor. Refer to Table P in the State of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

In 2019, the bank's mortgage lending to low-income borrowers was lower than the percentage of families identified as low-income but exceeded the aggregate lending to low-income borrowers. For moderate-income families, the bank's mortgage lending was lower than the percentage of families identified as moderate-income and the aggregate lending.

In 2020, the bank's mortgage lending to low-income families was lower than the percentage of families identified as low-income but exceeded the aggregate lending to low-income borrowers. For moderate-income families, the bank's mortgage lending was lower than the families identified as moderate-income and the aggregate lending.

In 2021, the bank's mortgage lending to low-income families was significantly lower than the percentage of families identified as low-income and the aggregate lending. For moderate-income families, the bank's mortgage lending was lower than the families identified as moderate-income and the aggregate lending.

American does not offer 30-year fix rate mortgage loans. Most of the bank's mortgage loans are adjustable short-term balloons. In addition, the bank does not offer a product with low or minimal down payments. These factors in combination with the accelerated housing appreciation in the Waco market have resulted in low lending to low- and moderate-income families. According to Moody's Analytics, the Waco area shows lower income and population growth than the state of Texas while investment in residential properties is weak.

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

The distribution of loans to small businesses in the AA is good. Refer to Table R in the State of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

In 2019, the bank's loans to businesses with revenues less than or equal to \$1 million was somewhat lower than the percentage of businesses identified as having revenues less than or equal to \$1 million but exceeded the aggregate lending.

In 2020, the bank's loans to businesses with revenues less than or equal to \$1 million exceeded both the percentage of businesses identified as having revenues less than or equal to \$1 million and the aggregate lending.

In 2021, the bank’s loans to businesses with revenues less than or equal to \$1 million was near the percentage of businesses with revenues less than or equal to \$1 million and exceeded the aggregate lending.

During the review period, the bank originated approximately \$45 million in Payroll Protection Program (PPP) business loans to provide assistance and funds to small businesses during the COVID-19 pandemic.

**Responses to Complaints**

There were no complaints related to the institution’s CRA performance within the State of Texas during the review period.

**Community Development Test**

The bank’s performance under the Community Development Test is rated Outstanding.

**Conclusions for Area Receiving a Full-Scope Review**

Based on our full-scope review, the bank exhibits an excellent responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s AA.

**Number and Amount of Community Development Loans**

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank’s level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<b>Community Development Loans</b>				
<b>Assessment Area</b>	<b>Total</b>			
	<b>#</b>	<b>% of Total #</b>	<b>\$(000's)</b>	<b>% of Total \$</b>
McLennan County AA	34	100	19,282	100

The bank’s overall level of CD lending demonstrates an excellent responsiveness, considering the bank’s capacity and the need and availability of such opportunities for community development lending in the bank’s AA. During the evaluation period, the bank originated or renewed 34 CD loans, all in its AA, totaling \$19.2 million representing approximately 37 percent of tier 1 capital. Noteworthy CD loans include:

- Thirteen loans totaling \$6.5 million to a nonprofit organization for the purpose of assisting LMI borrowers in obtaining affordable housing.

- Six loans totaling \$4.6 million to promote economic development by financing small businesses that have gross annual revenues of \$1 million or less.
- Eleven loans totaling \$7.3 million that revitalize or stabilize LMI geographies. This includes several organizations that are investing in downtown Waco, which is primarily a LMI geography.

**Number and Amount of Qualified Investments**

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
McLennan County AA	0	0	135	2,843	135	100	2,843	100	0	0

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

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

The bank's level of donations and investments demonstrates an adequate responsiveness to the needs of its AAs given the performance context. The bank's CD investment performance for the McLennan County AA shows reasonable responsiveness considering the bank's capacity and the needs and availability of such opportunities in this AA. Examples of qualified CD donations in the McLennan County AA include:

- \$62.2 thousand to several Chambers of Commerce located within the McLennan County AA to promote economic development of local LMI areas.
- \$44.4 thousand in sponsorships to numerous organizations that provide community development services within the AA.

**Broader Statewide Area**

During the evaluation period, American made investments totaling \$2.7 million in nine Texas Municipal ISDs Bonds. The bonds are to ISDs located in low- and moderate- income geographies and independent school districts that have a free and reduce student lunch rate of more than 50 percent. The bonds are primarily used to support community development in these areas. In addition, the bank participates as a limited partner in three Small Business Investment Companies (SBIC), Valesco Fund I, Valesco Fund II, and Lightspring Capital. These SBICs make debt and equity investments in small businesses to promote economic development by financing lower to middle market businesses across the southern and central U.S. The bank's investment has a geographic focus primarily in Texas including areas in proximity to the bank's AA. As of December 31, 2021, the bank's investments in these SBICs totaled \$982 thousand.

**Extent to Which the Bank Provides Community Development Services**

The bank's level of CD services demonstrates an excellent responsiveness to the needs of this AA when considering the bank's capacity and the need and availability of such opportunities in this AA.

Fourteen bank officers and employees serve in leadership positions in local qualifying organizations that provide community services to LMI individuals, support economic development, and revitalize and stabilize areas within the AA. During the evaluation period, executive officers and employees donated a total of 2043 qualified service hours to 20 different community organizations in the AA.

Examples of qualified services in the McLennan County AA include:

- 460 hours by one employee who serves on a nonprofit as treasurer. The nonprofit provides vital community services to small business in LMI geographies to advocate for economic and civic interest for small businesses.
- 213 hours by seven employees who serve in different roles, including as Chairman of the Board, committee members, and financial literacy educators to three independent school districts and one community college located in LMI geographies in the McLennan County AA.

During the COVID-19 pandemic, the bank offered the following services to bank customers:

- An upgraded document system to allow customers to send PPP documents thru an online secure system. The bank devised a system so that customers could transmit electronic documents securely. For PPP inquiries, the bank set up call centers to provide first line assistance for customers calling with PPP questions and access PPP applications.
- Bank employees were available by phone and conducted business through the bank's drive thru location and online.
- Additional services were made available through Interactive Teller Machines (ITM). The ITM is an ATM with access to a video teller station. ITMs are capable of cashing checks, making deposits, withdrawals, and transfers.

## Appendix A: Scope of Examination

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The following table identifies the 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”).

<b>Time Period Reviewed:</b>	Lending Test: January 1, 2019 – December 31, 2021 Community Development Test: January 1, 2018 – December 31, 2021	
<b>Bank Products Reviewed:</b>	Home mortgage and small business loans. Community development loans, qualified investments, community development services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of Texas</b>		
McLennan County AA	Full-scope	The bank has only one AA, which is comprised of McLennan County. This county has 51 CTs, seven low-income, 15 moderate-income, 13 middle-income, 14 upper-income, and two unknown. The county does not have any underserved or distressed CTs.

## Appendix B: Summary of State Ratings

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<b>RATINGS AMERICAN BANK, NATIONAL ASSOCIATION</b>			
<b>Overall Bank:</b>	<b>Lending Test Rating*</b>	<b>CD Test Rating</b>	<b>Overall Bank/State of Texas</b>
<b>American Bank, NA</b>	<b>Satisfactory</b>	<b>Outstanding</b>	<b>Satisfactory</b>
<b>State:</b>			
<b>Texas</b>	<b>Satisfactory</b>	<b>Outstanding</b>	<b>Satisfactory</b>

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** 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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**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-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

**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.

**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.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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 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.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of 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 are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. 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 MMSA/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 of the number of small loans (less than or equal to \$1 million) to businesses that were 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) in those geographies. Because aggregate 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 (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business 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. The table also presents aggregate peer data for the years the data is available. Because aggregate 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 (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer 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 households in those geographies.
- Table V. Assessment Area Distribution of Consumer 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 households by income level in each MMSA/assessment area.

**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2019-2021**

Assessment Area:	Total Home Mortgage Loans				Low Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% 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
McLennan County AA 2019	93	18,441	100.0	6,886	4.5	11.8	4.4	22.1	22.6	15.7	26.9	24.7	20.5	46.4	40.9	59.5	0.0	0.0	0.0
McLennan County AA 2020	140	38,882	100.0	9,331	4.5	6.4	3.5	22.1	32.1	13.8	26.9	24.3	19.6	46.4	37.1	63.1	0.0	0.0	0.0
McLennan County AA 2021	140	28,729	100.0	9,331	4.5	9.3	3.5	22.1	33.6	13.8	26.9	23.6	19.6	46.4	33.6	63.1	0.0	0.0	0.0
<b>Total</b>	<b>373</b>	<b>86,052</b>	<b>100.0</b>	<b>25,548</b>	<b>4.5</b>	<b>8.8</b>	<b>3.5</b>	<b>22.1</b>	<b>30.3</b>	<b>13.8</b>	<b>26.9</b>	<b>24.1</b>	<b>19.6</b>	<b>46.4</b>	<b>36.7</b>	<b>63.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2015 ACS Census; 01/01/2021 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2019-2021**

Assessment Area:	Total Home Mortgage Loans				Low Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
McLennan County 2019	93	18,441	100.0	6,886	22.5	5.4	3.4	17.7	6.5	13.4	18.0	7.5	19.9	41.8	31.2	45.9	0.0	49.5	17.4
McLennan County 2020	140	38,882	100.0	9,331	22.5	2.9	2.6	17.7	4.3	10.9	18.0	8.6	18.2	41.8	35.7	47.1	0.0	48.6	21.1
McLennan County 2021	140	28,729	100.0	9,331	22.5	--	2.6	17.7	3.6	10.9	18.0	7.9	18.2	41.8	37.1	47.1	0.0	51.4	21.1
<b>Total</b>	<b>373</b>	<b>86,052</b>	<b>100.0</b>	<b>9,331</b>	<b>22.5</b>	<b>3.9</b>	<b>2.6</b>	<b>17.7</b>	<b>4.6</b>	<b>10.9</b>	<b>18.0</b>	<b>8.0</b>	<b>18.2</b>	<b>41.8</b>	<b>35.1</b>	<b>47.1</b>	<b>0.0</b>	<b>49.9</b>	<b>21.1</b>

Source: 2015 ACS Census ; 01/01/2021 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2019-2021**

Assessment Area:	Total Loans to Small Businesses				Low Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
McLennan County 2019	20	3,987	100.0	3,580	5.1	15.0	4.8	30.4	35.0	28.4	25.3	30.0	26.3	38.6	20.0	40.1	0.6	0	0.4
McLennan County 2020	20	4,873	100.0	3,627	5.1	15.0	4.5	30.3	35.0	28.5	25.0	25.0	26.5	39.1	25.0	39.9	0.6	0	0.5
McLennan County 2021	20	4,578	100.0	3,627	5.1	15.0	4.5	30.3	40.0	28.5	25.0	35.0	26.5	39.1	10.0	39.9	0.6	0	0.5
<b>Total</b>	<b>60</b>	<b>13,438</b>	<b>100.0</b>	<b>10,834</b>	<b>5.1</b>	<b>30.3</b>	<b>4.5</b>	<b>30.3</b>	<b>25.0</b>	<b>28.5</b>	<b>25.0</b>	<b>39.1</b>	<b>28.5</b>	<b>39.1</b>	<b>0.6</b>	<b>39.9</b>	<b>0.6</b>	<b>0</b>	<b>0.5</b>

Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2019-2021**

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
McLennan County 2019	20	3,987	100.0	3,580	83.2	65.0	42.0	5.2	35.0	11.6	0.0
McLennan County 2020	20	4,896	100.0	3,627	83.8	85.0	32.7	4.9	15.0	11.4	0.0
McLennan County 2021	20	4,578	100.0	3,627	83.8	75.0	32.7	4.9	25.0	11.4	0.0
<b>Total</b>	<b>60</b>	<b>13,438</b>	<b>100.0</b>	<b>3,627</b>	<b>83.8</b>	<b>75.8</b>	<b>32.7</b>	<b>4.9</b>	<b>24.2</b>	<b>11.4</b>	<b>0.0</b>

Source: 2020 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%