



PUBLIC DISCLOSURE

May 31, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Trinity Bank, National Association
Charter Number 24397

3500 W Vickery Boulevard
Fort Worth, TX 76107

Office of the Comptroller of the Currency
Fort Worth Field Office
9003 Airport Freeway
Suite 275
North Richland Hills, TX 76180-9127

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

Trinity Bank's (Trinity) Community Reinvestment Act (CRA) performance is satisfactory. We based our conclusion on Trinity's lending practices. We evaluated these practices by reviewing a sample of the bank's primary loan products. The rating is based on the following findings:

- Trinity's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, local competition, and assessment area (AA) credit needs. The LTD ratio averaged 59.11 percent during the evaluation period.
- A majority of Trinity's loans are located within the AA. Based on a sample of 70 loans, 80.00 percent of the number of loans and 82.63 percent of the dollar volume of loans were to borrowers within the AA.
- Trinity has a reasonable penetration to borrowers of various income levels, and businesses of different sizes.
- Trinity's geographic distribution of loans reflects a reasonable dispersion throughout the AA.
- There were no complaints with respect to Trinity's CRA performance.

SCOPE OF EXAMINATION

This Performance Evaluation assesses Trinity's record of meeting the credit needs of the community in which it operates. We evaluated Trinity using small bank performance criteria: LTD ratio, lending in the AA, lending to borrowers of different incomes and to businesses of different sizes, geographic distribution, and responses to CRA-related complaints.

To evaluate Trinity's lending performance, we selected a sample of loans based on the bank's primary loan types. Primary loan types are those products that have been originated at the highest percentage by dollar and/or number of loans. Primary loan products during this evaluation period consisted of residential real estate and commercial loans. The loan sample consisted of all 40 Home Mortgage Disclosure Act (HMDA) reportable loans and a random sample of 30 commercial loans originated between January 2014 and March 2016.

DESCRIPTION OF INSTITUTION

Trinity is a community bank in Fort Worth, Texas. Fort Worth is the largest city in Tarrant County, which is part of the Fort Worth-Arlington Metropolitan Statistical Area (MSA). The bank is independently owned. As of March 31, 2016, Trinity had total assets of \$225 million, with 53 percent of total assets in the loan portfolio.

Trinity is an intrastate bank with only one location and an attached drive-up facility. The bank's primary loan products include commercial loans and residential real estate loans. The following chart details a breakdown of Trinity's loan portfolio as of March 31, 2016.

| Loan Portfolio Composition as of March 31, 2015 | | |
|--|-----------------|----------------|
| Loan Type | \$ (000) | % |
| Commercial Real Estate | 33,451 | 27.83 |
| Commercial | 65,545 | 54.52 |
| Residential | 17,731 | 14.75 |
| Consumer | 1,611 | 1.34 |
| Agriculture | 0 | 0.00 |
| Agriculture Real Estate | 1,607 | 1.34 |
| Other | 269 | 0.22 |
| TOTAL | 120,214 | 100.00% |

Source: March 31, 2016 Report of Condition

Trinity provides traditional banking services, including a variety of loan and deposit products. Bank lobby services are provided Monday through Friday from 9:00 AM to 4:00 PM, with hours extended to 5:00 PM on Friday. The drive-up facility operates Monday through Friday from 7:30 AM to 6:00 PM. The bank does not operate any Automated Teller Machines (ATM), but has a contract with STAR that allows bank customers to use any ATM that is part of the STAR network, surcharge-free. Trinity offers online banking at www.trinitybk.com. The online banking service provides access to account information, online transfers between accounts, and bill pay services. The bank also offers mobile banking, which allows for remote deposit capture. Based on its financial condition, the local economy, product offerings, and competition, Trinity has the ability to meet the various credit needs in its community. The bank was rated "Satisfactory" at the last CRA examination on January 18, 2011.

Trinity's business strategy is to be a leader in providing relationship-based commercial banking services to businesses and individuals. While the bank makes some consumer loans, they are primarily accommodation loans provided to existing commercial customers. The bank does not actively market loans to consumers. The bank's location is not particularly visible from major thoroughfares; therefore, there is very little foot traffic in the bank. No legal impediments or other factors hinder the bank's ability to provide credit in its AA. The bank is financially capable of meeting almost any request for credit, subject to certain legal restrictions applicable to all national banks.

DESCRIPTION OF ASSESSMENT AREA

Trinity has designated Tarrant County as its AA. Tarrant County is part of the Fort Worth-Arlington, Texas MSA. Fort Worth is the largest city and the county seat of Tarrant County. Specific demographic data and economic data for the AA are listed below.

| Demographic and Economic Characteristics of the Tarrant County AA | |
|--|-----------|
| <i>Population</i> | |
| Number of Families | 439,906 |
| Number of Households | 632,518 |
| <i>Geographies</i> | |
| Number of Census Tracts | 357 |
| % Low-Income Census Tracts | 9.24% |
| % Moderate-Income Census Tracts | 28.29% |
| % Middle-Income Census Tracts | 35.01% |
| % Upper-Income Census Tracts | 27.17% |
| <i>Median Family Income (MFI)</i> | |
| 2010 Census MSA/MD MFI | 64,976 |
| 2015 FFIEC Updated MSA/MD MFI | 70,500 |
| 2014 FFIEC Updated MSA/MD MFI | 68,700 |
| 2013 FFIEC Updated MSA/MD MFI | 65,500 |
| <i>Economic Indicators</i> | |
| Unemployment Rate | 5.03% |
| 2015 Median Housing Value | \$147,371 |
| % of Households Below Poverty Level | 12.01% |

Source: 2010 Census data.

The AA consists of one whole county and does not arbitrarily exclude any low- or moderate-income geographies. There are 357 census tracts in the AA. 97 census tracts are designated as upper-income, 115 as middle-income, 101 as moderate-income, and 33 as low-income.

Based on 2010 Census data, the AA has a total population of 1,809,034. There are 696,556 housing units in the AA, of which 58 percent are owner-occupied, 33 percent are renter-occupied and 9 percent are vacant. Approximately 22 percent of the families in the AA are considered low-income. Moderate-income families represent approximately 17 percent of the population, while middle- and upper-income families account for the remaining 61 percent.

Tarrant County's economy is robust and continues to grow in population and business activity. The predominant economic activity in the AA is retail-related businesses. The largest employers include American Airlines, Lockheed Martin, and the local school districts and hospitals.

Competition is strong in the AA. There are 53 other commercial banks and 9 savings institutions in the AA; many of them are branches of larger institutions. The AA also includes other competitors in the form of credit unions, investment firms, and finance companies.

We considered information from a previously conducted community contact for the purpose of determining a community profile, identifying opportunities for participation by local financial institutions, and determining the performance of local financial institutions in meeting the credit needs of the community. This contact indicated that the primary credit needs are affordable housing financing and small business lending. This contact indicated that the local financial institutions are doing a good job of meeting the community’s credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

To evaluate Trinity’s lending performance, a sample of 70 loans was reviewed. Primary loan products offered by the bank were sampled. The sample consisted of 40 HMDA reportable loans and 30 commercial loans. Based on the analysis, and consistent with available resources and capabilities, Trinity is meeting the credit needs of the AA in a satisfactory manner.

Loan-to-Deposit Ratio

Trinity's LTD ratio is reasonable given the bank's size, financial condition, local competition, and AA credit needs. This determination is based on the quarterly average LTD ratio from March 31, 2011 through March 31, 2016 of 59.11 percent. During the evaluation period, Trinity’s LTD ratio ranged from a low of 51.85 percent to a high of 67.76 percent. The average LTD ratio of similarly situated banks within the AA for the same period ranged from a low of 41.30 percent to a high of 83.26 percent. Competition in the AA is strong. To assess how well the bank meets the standards we considered the chartered financial institutions of similar size in Tarrant County.

The quarterly average LTD ratio for each similarly situated bank in the AA is listed below.

| Loan-to-Deposit Ratios | | |
|---|---------------------|--------------------|
| Institution | Total Assets | Average LTD |
| Trinity Bank, National Association | 225,042 | 59.11 |
| Worthington National Bank | 202,946 | 81.10 |
| The National Bank of Texas at Fort Worth | 210,292 | 41.30 |
| Bank of the West | 416,667 | 68.91 |
| Liberty Bank | 433,568 | 83.26 |

Source: Institution Reports of Condition from March 2011 to March 2016

Lending in Assessment Area

A majority of the bank’s loans were made inside its AA. In order to assess the performance for this criteria, we reviewed all HMDA reportable loans and 30 commercial loans that were originated between January 2014 and March 2016. Our assessment found that 80.00 percent of the number of loans and 82.63 percent of the dollar volume of loans were extended within the bank’s AA. The breakdown by loan category is illustrated in the following table.

| Lending in Tarrant County | | | | | | | | | | |
|----------------------------------|-----------------|-------|---------|-------|-------|--------------------------|-------|---------|-------|--------|
| Loan Type | Number of Loans | | | | | Dollars of Loans (000's) | | | | |
| | Inside | | Outside | | Total | Inside | | Outside | | Total |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgages | 34 | 86.11 | 6 | 13.89 | 40 | 8,613 | 87.59 | 1,441 | 12.41 | 10,054 |
| Commercial | 22 | 73.33 | 8 | 26.67 | 30 | 8,711 | 79.82 | 2,202 | 20.18 | 10,913 |
| Totals | 56 | 80.00 | 14 | 20.00 | 70 | 17,324 | 82.63 | 3,643 | 17.37 | 20,967 |

Source: Sample of loans used for CRA performance analysis

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

Trinity’s loan portfolio reflects a reasonable penetration among individuals of various income levels (including low- and moderate-income) and businesses of different sizes within their AA. Our analysis reviewed income information of 34 residential real estate loans and 22 commercial loans in the AA.

Residential Real Estate Loans – The data we reviewed reflects a poor penetration of residential real estate loans to low- and moderate-income families in the AA. Based on 2010 Census Information, 21.85 percent of families in the AA are low-income and 17.21 percent are moderate-income. Our review determined that no home mortgage loans were made during the review period to low-income families and only 2.94 percent were made to moderate-income families. The distribution of home mortgage loans is well below the income characteristics of the AA for low- and moderate-income families. However, the bank only made 40 home mortgage loans during the evaluation period and 61.76 percent were to entities (businesses) with no income information reported. This resulted in only 13 loans with income information made during the review period. The bank’s location results in minimal foot traffic and a low volume of requests for mortgage loans. We also noted that the bank’s consumer loans are primarily made to accommodate existing commercial customers. The HMDA LARs for the review period indicate that all mortgage loan requests were made, with no denials reported. When considering these performance context factors, the bank’s real estate lending distribution to borrowers of different incomes is reasonable.

| Borrower Distribution of Residential Real Estate Loans in Tarrant County | | | | | | | | |
|---|------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans |
| Home Mortgages | 21.85 | 0.00 | 17.21 | 2.94 | 19.30 | 5.88 | 41.65 | 29.41 |

*61.76 percent of home mortgage loans had income not available

Source: Loan sample; Dunn and Bradstreet data.

Commercial Loans - Based on 2015 Business Demographic Data, there are 127,088 businesses with reported revenues located within the AA. Of this number, 80.29 percent of businesses reported revenues less than or equal to \$1 million. Of the loans in the commercial sample,

52.62 percent (by dollar) and 22.73 percent (by number) were to businesses reporting annual revenues at or below \$1 million. While the level is below the AA information, it still reflects a reasonable penetration of loans to small businesses. While a lower percentage of loans was made to businesses with annual revenues below \$1 million, 95.45 percent of commercial loans sampled were made for amounts less than \$1 million. Additionally, 40.91 percent of loans were made for amounts less than \$100 thousand. This indicates the bank's willingness to make loans of all sizes to businesses of different sizes. The following charts reflect the results of the sample of commercial loans originated in the AA.

| Borrower Distribution of Loans to Businesses in Tarrant County | | | | |
|---|--------------|--------------|-------------------------|-------|
| Business Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | Unavailable/ Unknown | Total |
| % of AA Businesses | 80.29 | 3.71 | 16.00 | 100% |
| % of Bank Loans in AA by # | 22.73 | 63.64 | 13.64 | 100% |
| % of Bank Loans in AA by \$ | 52.62 | 44.23 | 3.15 | 100% |

Source: Loan sample; Dunn and Bradstreet data.

| Borrower Distribution of Loans to Businesses by Loan Size in Tarrant County AA | | | | |
|---|--------------------|----------------------|-----------------------------------|-----------------------------|
| Loan Size (000's) | Number of Loans | Percent of Number | Dollar Volume of Loans (000's) | Percent of Dollar Volume |
| \$0 - \$100,000 | 9 | 40.91 | 544,372 | 6.25 |
| \$100,001 - \$250,000 | 6 | 27.27 | 1,104,387 | 12.68 |
| \$250,001 - \$500,000 | 3 | 13.64 | 1,293,716 | 14.85 |
| \$500,001 - \$1,000,000 | 3 | 13.64 | 1,970,000 | 22.61 |
| Over \$1,000,000 | 1 | 4.55 | 3,798,871 | 43.61 |

Source: Loan sample.

Geographic Distribution of Loans

Trinity's geographic loan distribution is reasonable and meets the standards for satisfactory performance. While performance for residential real estate lending reflects poor dispersion, performance for commercial lending reflects excellent dispersion throughout the AA. There were no gaps or areas of low penetration in the bank's lending patterns. Our analysis included 34 residential real estate loans and 22 commercial loans.

Residential Real Estate Loans - Geographic distribution of residential real estate loans in the AA is poor. The geographic distribution of sampled home mortgage loans in low- and moderate-income census tracts is well below the percentage of owner occupied housing in these areas. The percentage of owner occupied housing located in low-income census tracts is 4.10 percent, and our loan sample reflected no home loans were made in these areas. The percentage of owner occupied housing located in moderate-income census tracts is 20.39 percent, and our loan sample reflected that only 8.82 percent of home loans was made in moderate-income census tracts. While home mortgage loans are the bank's primary consumer product, business loans remain Trinity's main lending focus. Only 40 HMDA reportable loans were made during the review period and 61.76 percent of the HMDA loans in the sample were to entities, rather than

individuals. These loans are largely for rental properties. The following table summarizes the distribution of home mortgage loans by census tract income level.

| Geographic Distribution of Residential Real Estate Loans in Tarrant County | | | | | | | | |
|--|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan type | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans |
| Home Mortgages | 4.10 | 0.00 | 20.39 | 8.82 | 37.59 | 58.82 | 37.91 | 32.35 |

Source: Loan sample; 2010 U.S. Census data.

Commercial Loans - Geographic distribution of commercial loans in the AA is excellent. The geographic distribution of sampled commercial loans in low-income and moderate-income census tracts is well above the percentage of businesses in these areas. In the AA, 4.84 percent of businesses are located in low-income census tracts and our sample reflected that 18.18 percent of commercial loans were made to businesses located in low-income census tracts. In the AA, 21.24 percent of businesses are located in moderate-income census tracts and our sample reflected that 40.91 percent of commercial loans were made to businesses located in moderate-income census tracts. The following table summarizes the distribution of commercial loans by census tract income level.

| Geographic Distribution of Loans to Businesses in Tarrant County | | | | | | | | |
|--|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans |
| | 4.84 | 18.18 | 21.24 | 40.91 | 33.92 | 22.73 | 39.84 | 18.18 |

*0.16% businesses in census tracts with no income designations

Source: Loan sample; Dunn and Bradstreet data.

Responses to Complaints

There have been no consumer complaints regarding Trinity's performance under the Community Reinvestment Act during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any

assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.