



## **PUBLIC DISCLOSURE**

May 08, 2017

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Austin Bank, Texas National Association  
Charter Number 5581

200 East Commerce Street  
Jacksonville, TX 75766

Office of the Comptroller of the Currency

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Suite 306  
Longview, TX 75604-2516

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **Austin Bank, Texas National Association** (Austin Bank) with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Austin Bank, Texas National Association) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels for home mortgages and loans to small businesses reflect good responsiveness based on volume and market share.
- A substantial majority of loans are extended within Austin Bank's Assessment Areas (AAs).
- The bank's geographic distribution of loans is good based on both home mortgage loans and loans to small businesses.
- The bank's distribution of lending by income level is good, based on adequate distribution of home mortgage loans and good distribution of loans to small businesses.
- The level of qualified community development investments, grants, and donations represents good responsiveness to identified community development needs. Ongoing investment in a subsidiary community development corporation provided a positive impact on the overall investment test.
- Austin Bank's delivery systems are good with branches accessible in all geographies. In addition, two branches are located in low-income tracts, while five branches are located in moderate-income tracts. Finally the level of community development services is good with Austin Bank participating in a broad range of activities designed to assist low- to moderate-income families.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the

bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder' and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 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

Austin Bank is an intrastate financial institution headquartered in Jacksonville, Texas. It is one of the largest locally owned community banks in the area with total assets of \$1.6 billion, as of March 31, 2017. Austin Bank is wholly owned by a two-tier holding company structure consisting of TEB, Inc. and Austin Bancorp, Inc. Austin Bank has one subsidiary, AB Community Investment Company that provides mortgage loans and counseling services to low- to moderate-income families. There were no merger or acquisition activities during the rating period that would affect the scope of the bank's operations.

Austin Bank is a full service community bank providing financial products and services to consumers and businesses. The bank offers a wide array of loan and deposit products to its customers. Austin Bank has 32 locations in 23 cities and 11 counties in East Texas. In addition, the bank has 32 automatic teller machines (ATMs), along with an additional five ATMs accessible through First State Bank (affiliate). In addition, the bank currently employs seventy-seven bilingual Spanish speaking employees to assist a growing Hispanic community. Austin Bank's business hours are equitable and do not hinder any particular group or class of individuals. Seven of the bank's branches are located in low- to moderate-income census tracts with remaining branches located in middle- or upper-income census tracts.

The bank's market encompasses a large portion of Northeast Texas. Major markets served include the Longview metropolitan statistical area (MSA), consisting of Gregg, Rusk and Upshur Counties, the Tyler MSA consisting of Smith County, and numerous communities located outside MSAs. Our assessment included three AAs for the purposes of analyzing the bank's performance under the Community Reinvestment Act (CRA). These AAs include whole counties and are identified as Cherokee AA (Anderson, Angelina, Cherokee, Harrison, Henderson, Nacogdoches, Panola, Rains, Shelby, and Van Zandt Counties), Longview AA (Gregg, Rusk and Upshur Counties) and Tyler AA (Smith County).

As of March 31, 2017, Austin Bank's loan portfolio totaled \$1.2 billion with reported deposits of \$1.4 billion. The bank's average loan-to-deposit ratio since the last CRA Examination equaled 85.76 percent. The chart below reflects the distribution of loans by category as of March 31, 2017.

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Loans (includes commercial real estate)	\$625,072	50.50%
Residential Real Estate (includes multifamily)	\$427,431	34.54%
Consumer Loans	\$97,424	7.87%
Agricultural Loans (includes real estate)	\$84,794	6.85%
Other Loans	\$2,957	0.24%
<b>Total</b>	<b>\$1,237,678</b>	<b>100.00%</b>

There are no legal, financial or other factors impeding Austin Bank's ability to meet the credit needs in its AAs. Austin Bank's CRA performance was rated "Satisfactory" at the previous CRA examination dated June 4, 2014. OCC records and the bank's CRA public file indicate there have been no complaints related to the bank's CRA performance during the assessment period. Austin Bank's tier 1 capital equaled \$202.9 million, representing 12.83 percent of adjusted average assets as of March 31, 2017.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Conclusions regarding the Lending Test are based on residential mortgages and small business loans originated from January 1, 2014 to December 31, 2016. Data for residential mortgages was obtained from reports required by the Home Mortgage Disclosure Act (HMDA), while data for loans to small businesses was obtained from reports required by the Community Reinvestment Act (CRA). The community development lending performance analysis considered loans originated from June 4, 2014 to May 8, 2017.

Business loans and residential mortgages are the primary product lines of Austin Bank. Small loans to businesses represented 48.52 percent of the loans evaluated by number, while home mortgage loans represented 30.67 percent and small farm loans represented 20.81 percent. Small loans to businesses and home mortgage loans carry more weight in the overall conclusions as they are the primary lending focus for Austin Bank. During this time period, the bank originated 2,512 home mortgage loans that totaled \$323.3 million. Small business loan originations equaled 3,974 by number and \$282.1 million by dollar amount. Small farm loan originations equaled 1,705 by number and \$58.6 million by dollar amount. Originations of multifamily loans are significantly less in volume and were not evaluated for the lending test.

The Investment Test included a review of investments and donations that meet the definition of community development investments. The Service Test included a review of delivery systems as well as retail and community development services provided in Austin Bank's AAs. The evaluation period for investment and services tests was June 4, 2014 to May 8, 2017.

### Data Integrity

A data integrity review was conducted in April 2016 to determine the accuracy in Austin Bank's reporting of HMDA loans. The reporting accuracy for loans to small businesses, community development loans, and community development investments was assessed as part of this review.

### Selection of Areas for Full-Scope Review

We reviewed three separate AAs for determining Austin Bank's performance under the CRA. The AAs are delineated by whole counties. The AAs are identified as Cherokee AA (Anderson, Angelina, Cherokee, Harrison, Henderson, Nacogdoches, Panola, Rains, Shelby, and Van Zandt Counties), Longview AA (Gregg, Rusk and Upshur Counties - Longview MSA), and Tyler AA (Smith County - Tyler MSA).

A full-scope review was conducted for all three AAs. The full-scope review included analysis of numerical data for each AA, along with a qualitative analysis of the bank's performance. Refer to the tables in Appendix A for more details.

## **Ratings**

The bank's overall rating is based on all three areas that received full-scope reviews. To determine a rating for Austin Bank under the lending test, primary emphasis was placed on loans to small businesses and 1-4 family mortgages. We did not complete an analysis of multifamily loans as they are not considered to be a primary loan product.

## **Other**

Community credit needs in the AAs were determined by reviewing recent market demographic information and community contacts conducted by the OCC in connection with this and other CRA evaluations of banks operating in the same AAs. A review of community contact forms indicates a need for micro business loans for start-ups and affordable residential properties, as inventory of available lower-cost housing is limited. Community contacts reported that area banks are active and responsive to community needs.

## **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.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Cherokee AA, Longview AA, and Tyler AA is good.

#### Lending Activity

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

Lending activity is good based on the level of home mortgage loans and small loans to businesses extended in the bank's AAs. The lending activity analysis is based on loans originated from 2014 to 2016. Small loans to businesses represented 48.52 percent of the loans evaluated by number, while home mortgage loans represented 30.67 percent and small farm loans represented 20.81 percent. Small loans to businesses and home mortgage loans carry more weight in the overall conclusions since they are the primary lending focus for Austin Bank. During this time period, the bank originated 2,512 home mortgage loans that totaled \$323.3 million. Small business loan originations equaled 3,974 by number and \$282.1 million by dollar amount. Small farm loan originations equaled 1,705 by number and \$58.6 million by dollar amount. The bank's loan-to-deposit ratio has averaged 85.76 percent since the last examination.

#### *Cherokee AA*

Lending levels in the Cherokee AA reflect good responsiveness to the AAs credit needs. Approximately 60.71 percent of the loans evaluated were originated in this AA, while 47.33 percent of the bank's deposits are located in this AA.

Home mortgage lending levels are adequate. Austin Bank ranked fifth in this AA for home mortgage loans with a market share of 4.04 percent. There is significant competition in this market as evidenced by the top ranked market share of only 5.27 percent. Austin Bank's market share reflects adequate performance based on their deposit market share of 8.53 percent. Austin Bank ranked first in the AA for deposits.

Small business loan levels are excellent. Austin Bank ranked fourth in the AA with a market share of 9.26 percent by number of loans compared to their deposit market share of 8.53 percent.

Small farm loan levels are excellent. Austin Bank ranked first in the AA with a market share of 46.58 percent compared to their deposit market share of 8.53 percent.

#### *Longview AA*

Lending levels in the Longview AA reflect adequate responsiveness to AA credit needs. Approximately 18.36 percent of the loans evaluated were originated in this AA, while 28.06 percent of the bank's deposits are located in this AA.

Home mortgage lending levels are adequate. Austin Bank ranked third in the AA for home mortgage loans with a market share of 3.80 percent. This level of market share reflects adequate performance based on Austin Bank's deposit market share. Austin Bank ranked third in the AA for deposits, with a market share of 7.90 percent.

Small business loan levels are adequate. Austin Bank ranked seventh in the AA with a market share of 5.81 percent.

Small farm loan levels are excellent. Austin Bank ranked second in the AA with a market share of 16.49 percent.

### ***Tyler AA***

Lending levels in the Tyler AA reflect good responsiveness to AA credit needs. Approximately 20.93 percent of the loans evaluated were originated in this AA, while 24.61 percent of the bank's deposits are located in this AA.

Home mortgage lending levels are adequate. Austin Bank ranked seventh in the Tyler AA for home mortgage loans with a market share of 3.20 percent. This level of market share reflects adequate performance based on Austin Bank's deposit market share. Austin Bank ranked fourth in the AA for deposits, with a market share of 5.48 percent.

Small business loan levels are excellent. Austin Bank ranked sixth in the AA with a market share of 6.46 percent compared to a deposit market share of 5.48 percent.

Small farm loan levels are excellent. Austin Bank ranked second in the AA with a market share of 23.46 percent compared to their deposit market share of 5.48 percent.

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

The geographic distribution of loans is good. Performance for residential real estate loans is good with good performance in all AAs. Small loans to businesses also demonstrated good performance in all AAs.

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

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is good. A geographical analysis of multifamily loans would not be meaningful due to the minimal number of originations.

### ***Cherokee AA***

Lending performance for home purchase loans is excellent. The percentage of loans originated in low-income tracts, at 1.03 percent exceeds the percentage of available owner occupied housing, at 0.80 percent. The percentage of bank loans originated in moderate-income tracts, at 10.25 percent, is near to the percentage of available owner occupied housing at 11.31 percent. Austin Bank's market share in low-income tracts is excellent. The bank's market share in low-income tracts, at 7.69 percent, exceeds

their overall market share at 5.32 percent. Austin Bank's market share in moderate-income tracts is also excellent at 11.17 percent, when compared to their overall market share of 5.32 percent.

Lending performance for home improvement loans is good. The percentage of home improvement loans in low-income geographies, at 3.65 percent, exceeds the percentage of owner occupied housing at 0.80 percent. The percentage of home improvement loans in moderate-income geographies, at 10.05 percent, is near to the percentage of owner occupied housing at 11.31 percent. Austin Bank's market share in low-income geographies is excellent at 36.36 percent, compared to their overall market share of 9.53 percent. Austin Bank's market share in moderate-income geographies is adequate at 6.33 percent, compared to their overall market share of 9.53 percent.

Performance for home refinance loans is good. While there were no loans extended in low-income geographies, lending opportunities are limited with the percentage of available owner occupied housing listed at 0.80 percent. Home refinance loans originated in moderate-income geographies, at 11.63 percent, exceeds the percentage of owner occupied housing at 11.31 percent. Austin Bank's market share in moderate-income tracts is excellent at 4.85 percent, compared to their overall market share of 3.14 percent.

#### ***Longview AA***

Lending performance for home purchase loans is adequate. The percentage of bank loans originated in low-income tracts of 0.63 percent is somewhat lower than the percentage of available owner occupied housing, at 0.92 percent. The percentage of bank loans originated in moderate-income tracts, at 5.05 percent, is lower than the percentage of available owner occupied housing at 12.48 percent. Austin Bank's market share in low-income tracts is excellent at 10.00 percent compared to their overall market share of 3.61 percent. Austin Bank's market share in moderate-income tracts is good at 3.03 percent, when compared to their overall market share of 3.61 percent.

Lending performance for home improvement loans is good. The percentage of bank loans originated in low-income tracts, at 2.25 percent, exceeds the percentage of available owner occupied housing listed at 0.92 percent. Home improvement loans originated in moderate-income tracts, at 15.73 percent, also exceeds the percentage of available owner occupied housing at 12.48 percent. In addition, while Austin Bank's market share in low-income tracts, at 0.01 percent, is significantly lower than their overall market share at 8.56 percent, their market share in moderate-income tracts, at 17.65 percent, exceeds their overall market share of 8.56 percent.

Lending performance for home refinance loans is good. While there were no loans extended in low-income geographies, lending opportunities are limited with the percentage of available owner occupied housing listed at 0.92 percent. The percentage of bank originations in moderate-income geographies, at 14.04 percent, exceeds the percentage of owner occupied housing at 12.48 percent. Austin Bank's market share in moderate-income tracts is good at 4.63 percent, compared to their overall market share of 4.72 percent.

#### ***Tyler AA***

Lending performance for home purchase loans is good. The percentage of bank loans originated in low-income geographies, at 0.85 percent, is somewhat lower than the percentage of owner occupied housing at 1.20 percent, while the percent of bank loans originated in moderate-income geographies, at 25.71 percent, exceeds the percentage of owner occupied housing at 21.75 percent. The bank's market share in

both low- and moderate-income tracts is excellent at 7.14 percent and 8.35 percent, respectively, compared to their overall market share of 3.36 percent.

Lending performance for home improvement loans is good. The percentage of bank loans originated in low-income tracts, at 2.35 percent, exceeds the percentage of available owner occupied housing listed at 1.20 percent. Home improvement loans originated in moderate-income tracts, at 21.18 percent, is near to the percentage of available owner occupied housing at 21.75 percent. In addition, while Austin Bank's market share in low-income tracts, at 0.01 percent, is significantly lower than their overall market share at 8.67 percent, their market share in moderate-income tracts, at 10.87 percent, exceeds their overall market share of 8.67 percent.

Lending performance for home refinance loans is adequate. While there were no loans extended in low-income geographies, lending opportunities are limited with the percentage of available owner occupied housing listed at 1.20 percent. The percentage of bank originations in moderate-income geographies, at 17.07 percent, is somewhat lower than the percentage of owner occupied housing at 21.75 percent. Austin Bank's market share in moderate-income tracts is excellent at 5.59 percent, compared to their overall market share of 3.09 percent.

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

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Austin Bank's geographic distribution of small loans to businesses is good.

### ***Cherokee AA***

The geographic dispersion of small loans to businesses in the AA is good. While the percentage of loans originated in low-income geographies at 1.30 percent is somewhat lower than the percentage of businesses located in this area, lending opportunities are limited with a small percentage of businesses located in these geographies at 1.65 percent. The percentage of loans originated in moderate-income tracts, at 21.41 percent, exceeds the percentage of businesses at 18.57 percent. Austin Bank's market share in low-income geographies is good. The bank's market share in low-income geographies, at 7.96 percent, is lower than their overall market share of 9.26 percent. Austin Bank's market share in moderate-income geographies is excellent. The bank's market share in moderate-income geographies, at 11.20 percent, exceeds their overall market share of 9.26 percent.

### ***Longview AA***

The geographic dispersion of small loans to businesses in the AA is good. While the percentage of loans originated in low-income geographies, at 0.13 percent, is lower than the percentage of businesses located in the area, lending opportunities are limited with a small percentage of businesses located in these geographies at just 0.49 percent. Small business loans originated in moderate-income geographies, at 27.92 percent, exceeds the percentage of small businesses at 24.27 percent. Austin Bank's market share in low-income geographies is adequate. While, the bank's market share in low-income geographies, at 0.01 percent, is significantly lower than the bank's overall market share of 5.81 percent, as stated above, lending opportunities are limited. Austin Bank's market share in moderate-income tracts is excellent, at 6.22 percent, compared to their overall market share of 5.81 percent.

***Tyler AA***

The geographic dispersion of small loans to businesses in the AA is good. While the percentage of loans originated in low-income geographies, at 0.69 percent, is lower than the percentage of businesses located in low-income geographies, lending opportunities are limited with a small percentage of businesses located in these tracts at 2.30 percent. The percentage of loans originated in moderate-income tracts, at 28.04 percent, exceeds the percentage of businesses at 19.58 percent. Austin Bank's market share is good. While the bank's market share in low-income geographies, at 4.90 percent, is somewhat lower than the bank's overall market share of 6.46 percent, Austin Bank's market share in moderate-income geographies, at 11.18 percent, exceeds their overall market share.

***Small Loans to Farms***

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

***Cherokee AA***

The geographic dispersion of small loans to farms in the AA is good. While the percentage of loans originated in low-income geographies, at 0.16 percent, is lower than the percentage of farms located in low-income geographies, lending opportunities are limited as a small percentage of farms are located in these tracts at 0.51 percent. The percentage of loans originated in moderate-income tracts, at 8.96 percent, exceeds the percentage of farms at 8.41 percent. Austin Bank's market share is excellent with a 100 percent market share in the low-income geographies and 78.85 percent market share in the moderate-income geographies, compared to their overall market share of 46.58 percent.

***Longview AA***

The geographic dispersion of small loans to farms in the AA is good. The percentage of loans originated in low-income tracts, at 0.83 percent, exceeds the percentage of farms located in low-income geographies at 0.23 percent. In addition, the percentage of loans originated in moderate-income tracts, at 11.47 percent, is near to percentage of farms at 14.45 percent. Austin Bank's market share is adequate. The bank's market share in low-income geographies, at 0.01 percent, is significantly lower than their overall market share of 23.46 percent. Their market share in moderate-income tracts, at 15.15 percent, is somewhat lower than their overall market share of 23.46 percent.

***Tyler AA***

The geographic dispersion of small loans to farms in the AA is adequate. The percentage of loans originated in low-income tracts, at 0.69 percent, is lower than the percentage of farms located in low-income geographies at 2.30 percent. The percentage of loans originated in moderate-income tracts, at 15.17 percent, is somewhat lower than the percentage of farms at 20.35 percent. Austin Bank's market share is good. While their market share in low-income geographies, at 0.01 percent, is significantly lower than their overall market share, their market share in moderate-income tracts, at 33.33 percent, exceeds their overall market share of 16.49 percent.

***Lending Gap Analysis***

No unexplained conspicuous lending gaps were identified.

### ***Inside/Outside Ratio***

Austin Bank's performance of lending inside its AA is excellent, with a substantial majority of loans extended within its AA. Lending inside the assessment area is analyzed bank-wide and not by individual AAs. The analysis includes loans originated and purchased during 2014 through 2016. This performance has a positive impact on the geographic distribution of lending conclusions.

Ninety-two percent of loans by number and eighty-eight percent of loans by dollar amount were originated within the bank's AAs. When broken down by loan type, performance is consistent with the overall performance with a substantial majority of residential real estate loans, small loans to businesses, and small loans to farms originated within the AAs.

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

The distribution of loans by borrower income is good. Performance is adequate for residential real estate lending, good for small loans to businesses and excellent for small loans to farms. More weight was given to small loans to businesses, as this is the bank's primary loan product.

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

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgage loans is adequate in the Cherokee and Longview AAs, and good in the Tyler AA.

### ***Cherokee AA***

The distribution of home purchase loans represents adequate performance. The percentage of home purchase loans to low-income borrowers, at 2.24 percent, is significantly lower than the 20.61 percent of low-income families. The penetration of home purchase loans to moderate-income borrowers, at 10.57 percent, is somewhat lower than the percentage of moderate-income families at 17.84 percent. Mitigating the lower ratios for low-income borrowers is the fact that many of the low-income families may not present legitimate home mortgage lending opportunities. In the AA, 17.67 percent of households live below the poverty level and are not likely to qualify for home mortgage products. In this AA, the median housing value is \$85 thousand. Based on the median housing costs, purchasing a home is unlikely for a significant portion of low-income families. Austin Bank's market share is good for both low-income borrowers and moderate-income borrowers.

The distribution of home improvement loans represents adequate performance. The percentage of home improvement loans to low-income borrowers, at 2.65 percent, is significantly lower than the percentage of low-income families at 20.61 percent. The penetration of home improvement loans to moderate-income borrowers, at 11.64 percent, is somewhat lower than the percentage of moderate-income families at 17.84 percent. See the mitigating factors detailed above. Austin Bank's market share is poor for low-income borrowers, at 3.17 percent, and excellent for moderate-income borrowers, at 10.58 percent, when compared to their overall market share of 8.94 percent.

The distribution of home refinance loans represents good performance. While the penetration to low-income borrowers, at 3.16 percent, is significantly lower than the 20.61 percent of low-income families,

the penetration to moderate-income borrowers, at 14.56 percent, is near to the percentage of moderate-income families at 17.84 percent. The bank's market share is good. While the bank's market share for low-income borrowers is significantly lower than the bank's overall market share, their market share for moderate-income borrowers exceeds their overall market share. Mitigating factors for the low penetration and low market share for low-income borrowers are detailed above.

### ***Longview AA***

The distribution of home purchase loans reflects adequate performance among borrowers of different income levels. The penetration to low-income borrowers, at 1.48 percent, is significantly lower than the AA's percentage of low-income families at 21.33 percent, while the penetration to moderate-income borrowers, at 11.64 percent, is near to the percentage of moderate-income families at 17.84 percent. Austin Bank's market share is poor for low-income borrowers and good for moderate-income borrowers at 0.01 percent and 3.47 percent, respectively. Mitigating the lower percentage of loans to low-income families is the fact that many of the low-income families do not present legitimate opportunities for home mortgage originations. In the Longview AA, 14.51 percent of households report incomes below poverty levels and are not likely to qualify for a residential mortgage. The median housing value of \$123 thousand also prevents many families in the low-income category from being able to afford home purchases.

The distribution of home improvement loans represents adequate performance. The penetration to low-income borrowers, at 1.27 percent, is significantly less than the AA's percentage of low-income borrowers at 21.33 percent. The penetration to moderate-income borrowers, at 10.13 percent, is somewhat lower than the percentage of moderate-income families at 18.08 percent. The bank's market share for both low- and moderate-income borrowers, at 0.01 percent and 3.64 percent, respectively is significantly lower than the bank's overall market share of 8.16 percent. Mitigating factors are detailed above.

The distribution of home refinance loans is adequate. The penetration to low-income borrowers, at 6.67 percent, is lower than the percentage of low-income families at 21.33 percent. The penetration to moderate-income borrowers, at 11.67 percent, is somewhat lower than the percentage of moderate-income families at 18.08 percent. The bank's market share for both low- and moderate-income borrowers is good at 3.23 percent and 2.65 percent, respectively. Mitigating factors are detailed above.

### ***Tyler AA***

The distribution of home purchase loans represents good performance. While the percentage of home purchase loans to low-income borrowers, at 9.42 percent, is lower than the 21.56 percent of low-income families, the penetration of home purchase loans to moderate-income borrowers, at 16.88 percent, is near to the percentage of moderate-income families at 17.22 percent. Austin Bank's market share is excellent for both low- and moderate-income borrowers at 12.75 percent and 4.10 percent, respectively.

The distribution of home improvement loans represents good performance. While the percentage of home improvement loans to low-income borrowers, at 11.11 percent, is somewhat lower than the 21.56 percent of low-income families, the penetration of home improvement loans to moderate-income borrowers, at 18.52 percent, exceeds the percentage of moderate-income families at 17.22 percent. Austin Bank's market share is good. The bank's market share for low- and moderate-income borrowers were detailed at 5.00 percent and 16.67 percent, respectively.

The distribution of home refinance loans represents good performance. While the penetration to low-income borrowers, at 4.82 percent, is significantly less than the 21.56 percent of low-income families, the penetration to moderate-income borrowers, at 19.28 percent exceeds the percentage of moderate-income families of 17.22 percent. The bank's market share is adequate, at 0.01 percent for low-income families and 3.90 percent for moderate-income families. In the AA, 14.51 percent of households live below the poverty level and are not likely to qualify for home mortgage products. Additionally, the median housing value is \$124 thousand. Based on these facts, home ownership is unlikely for a significant portion of low-income families.

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

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is good, based on good performance in all AAs.

#### ***Cherokee AA***

The borrower distribution of small loans to businesses is good. Austin Bank's percentage of loans to businesses with revenues of \$1 million or less, at 80.42 percent, is near to the percentage of AA businesses with revenues of \$1 million or less at 83.43 percent. Austin Bank's market share is excellent for loans to businesses with revenues of \$1 million or less at 14.57 percent.

#### ***Longview AA***

The borrower distribution of small loans to businesses is good. Austin Bank's percentage of loans to businesses with revenues of \$1 million or less, at 65.86 percent, is near to the percentage of AA businesses at 80.36 percent. Austin Bank's market share for loans to businesses with revenues of \$1 million or less is excellent at 9.28 percent.

#### ***Tyler AA***

The borrower distribution of small loans to businesses is good. Austin Bank's percentage of loans to businesses with revenues of \$1 million or less, at 67.69 percent, is near to the percentage of AA businesses at 83.06 percent. Austin Bank's market share of loans to businesses with revenues of \$1 million or less is excellent at 9.26 percent.

### ***Small Loans to Farms***

Refer to Table 12 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The borrower distribution of small loans to farms is excellent, based on excellent performance in all AAs.

#### ***Cherokee AA***

The borrower distribution of small loans to farms is excellent. Austin Bank's percentage of loans to farms with revenues of \$1 million or less, at 96.07 percent, is near to the percentage of AA farms with revenues of \$1 million or less at 96.78 percent. Austin Bank's market share is excellent for loans to farms with revenues of \$1 million or less at 50.88 percent.

***Longview AA***

The borrower distribution of small loans to farms is excellent. Austin Bank's percentage of loans to farms with revenues of \$1 million or less, at 97.52 percent, exceeds the percentage of AA farms at 96.27 percent. Austin Bank's market share for loans to farms with revenues of \$1 million or less is excellent at 18.50 percent.

***Tyler AA***

The borrower distribution of small loans to farms is excellent. Austin Bank's percentage of loans to farms with revenues of \$1 million or less, at 95.17 percent, is near to the percentage of AA farms at 95.39 percent. Austin Bank's market share of loans to farms with revenues of \$1 million or less is excellent at 28.97 percent.

**Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

CD lending has a neutral impact on the overall lending test, as CD lending opportunities are limited. During the evaluation period, Austin Bank extended five CD loans in the Cherokee AA, six CD loans in the Longview AA, and four CD loans in the Tyler AA. However, it should be noted that many loans reported as small loans to businesses had CD purposes.

**Product Innovation and Flexibility**

Austin Bank offers a mortgage program through the bank's affiliate community development corporation (AB Community Investment Company), which provides more flexible terms for low- and moderate-income borrowers. The program is called AB Community Investment Company/Affordable Housing Programs. This loan program offers up to 100 percent financing for home purchases and 90 percent financing for home improvements. Terms for home purchase loans include 30 years amortization and reduced closing costs. Terms for home improvement loans include 15 year amortization and reduced closing costs. Fifty-nine loans totaling \$4.0 million were originated during 2014 to 2016.

**INVESTMENT TEST****Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Cherokee AA, Longview AA, and Tyler AA is good.

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

Evaluation of a bank's performance under this test considers the number and amount of investments, the extent that the investments meet the credit and community development needs of an AA, the extent that

the investments are not routinely made by others, and the complexity or innovation displayed in the investment. Qualified investments include investments that meet the definition of community development and includes investment securities, equity investments, grants, and donations.

Austin Bank's qualified investments consists primarily of school bonds from districts that are considered economically disadvantaged, purchases of municipal bonds with a geographic location in distressed middle-income census tracts, and numerous donations to local organizations that promote community development. In addition, qualified investments also included several regional investments consisting of school bonds to districts outside of the bank's AAs that are considered economically disadvantaged, and to a lesser extent purchases of county bonds with a geographic foot print in a moderate-income census tract. These regional investments totaled \$8.8 million, representing 4.44 percent of the bank's tier 1 capital. Credit for these qualified investments was equally distributed among the AAs.

Austin Bank also has an ongoing investment in their subsidiary, AB Community Investment Company (AB). The mission of AB is to provide affordable residential mortgages to low- and moderate-income families within the bank's AAs. AB offers up to 100 percent financing for home purchases and 90 percent financing for home improvement loans. During the evaluation period, AB funded fifty-nine loans totaling \$4.0 million to low and moderate-income applicants. This investment is considered innovative and is not an investment that is routinely made by other banks.

#### ***Cherokee AA***

Austin Bank's level of qualified CD investments in the Cherokee AA is good. Qualified investments and donations totaled \$8.5 million, representing 4.19 percent of tier 1 capital. Qualifying investments in the AA are centered in local school bonds in which the majority of students are economically disadvantaged, as well as, investments in municipal bonds with geographic foot prints in distressed middle-income areas. Numerous grants and donations were also provided to local organizations that promote CD.

#### ***Longview AA***

Austin Bank's level of qualified CD investments in the Longview AA is good. Qualified investments and donations totaled \$9.2 million, representing 4.54 percent of tier 1 capital. Qualifying investments in the AA are centered in local school bonds in which the majority of students are economically disadvantaged. Several grants and donations were also provided to local organizations that promote CD.

#### ***Tyler AA***

Austin Bank's level of qualified CD investments in the Tyler AA is good. Qualified investments and donations totaled \$10.5 million, representing 5.19 percent of tier 1 capital. Qualifying investments in the AA are centered in local school bonds in which the majority of students are economically disadvantaged, along with prior period investments in bonds from a local college. Several grants and donations were also provided to local organizations that promote CD.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Cherokee AA, Longview AA, and Tyler AA is good.

## **Retail Banking Services**

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Austin Bank's delivery systems are accessible to geographies and individuals of different income levels throughout all AAs. In addition, branch openings and closings have not affected accessibility. Following is a discussion of each branch location.

### ***Cherokee AA***

Delivery systems are accessible to all geographies and individuals of different income levels. The bank has thirteen branches and ATMs within the Cherokee AA. The Cherokee AA includes two low-income tracts, eighteen moderate-income tracts, sixty-three middle-income tracts, and twenty-five upper-income tracts. Two of the bank's branches are located in a moderate-income tract and six are located in distressed middle-income tracts. Other locations offer easy access to all other low- and moderate-income tracts. Branch hours and services are consistent throughout and do not vary in a way that would negatively impact any low- or moderate-income tracts.

### ***Longview AA***

Delivery systems are accessible to all geographies and individuals of different income levels. The bank has nine branches and ATMs within the Longview AA. The Longview AA includes one low-income tract, nine moderate-income tracts, twenty-seven middle-income tracts, seven upper-income tracts, and one tract that is not designated. One of the bank's branches is located in a moderate-income tract with other locations offering easy access to all low- and moderate-income tracts. Branch hours and services are consistent throughout and do not vary in a way that would negatively impact any low- or moderate-income tracts.

### ***Tyler AA***

Delivery systems are accessible to all geographies and individuals of different income levels. The bank has ten branches and ATMs within the Tyler AA. The Tyler AA includes two low-income tracts, twelve moderate-income tracts, fourteen middle-income tracts, twelve upper-income tracts, and one tract that is not designated. Two of the bank's branches are located in a low-income tract and two are located in a moderate-income tract. Branch hours and services are consistent throughout and do not vary in a way that would negatively impact any low- or moderate-income tracts.

## **Community Development Services**

Austin Bank has demonstrated a good record of providing CD services throughout each of its AAs. Bank officers and employees provide financial and managerial expertise to numerous service organizations in the AAs, serving in officer and director positions for those organizations.

Bank employees continue to provide financial and managerial expertise to numerous CD service organizations, serving in officer and director positions for those organizations. In addition, the bank has sponsored financial literacy training for schools in economically disadvantaged school districts and geographies with low- to moderate-income families. Bank employees also participate in several other programs that assist low- to moderate-income individuals, such as The Salvation Army, Habitat for

Humanity, and Bethesda Health Clinic. Finally, bank staff provided assistance in the Van Tornado Relief efforts, which was designated as a disaster area.

In addition, CD services are also available through AB Community Investment Company, a subsidiary of Austin Bank. The CDC finances the purchases and improvements for affordable housing for low- and moderate-income families. Employees teach One-on-One Homeowners Counseling “Realizing the American Dream”.

## Appendix A: Scope of Examination

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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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/14 to 12/31/16)	
	Investment and Service Tests and CD Loans: (06/04/14 to 05/08/17)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Austin Bank, Texas National Association (Austin Bank) 200 East Commerce Street Jacksonville, Texas 75766	Residential mortgage loans, loans to small businesses, community development loans, investments, and donations.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
AB Community Investment Company	Subsidiary	Residential mortgage loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Cherokee AA Longview AA Tyler AA	Full-Scope Full-Scope Full-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

Commercial loans and residential mortgages are the primary product lines of Austin Bank for all three AAs. Small loans to businesses represented 48.52 percent of the loans evaluated by number, while home mortgage loans represented 30.67 percent and small farm loans represented 20.81 percent. Small loans to businesses and home mortgage loans carry more weight in the overall conclusions since they are the primary lending focus for Austin Bank. During this time period, the bank originated 2,512 home mortgage loans that totaled \$323.3 million. Small business loan originations equaled 3,974 by number and \$282.1 million by dollar amount. Origination of small farm and multifamily loans are significantly less in volume and were not evaluated for the lending test.

### Cherokee AA

Demographic Information for Full Scope Area: Non-MSA AA Austin Bank						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	108	1.85	16.67	58.33	23.15	0.00
Population by Geography	517,498	1.39	14.82	60.60	23.18	0.00
Owner-Occupied Housing by Geography	133,422	0.80	11.31	64.52	23.37	0.00
Business by Geography	27,959	1.65	18.57	59.79	19.99	0.00
Farms by Geography	1,368	0.51	8.41	69.81	21.27	0.00
Family Distribution by Income Level	128,532	20.61	17.84	19.68	41.88	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	49,417	2.86	20.85	60.54	15.76	0.00
Median Family Income		47,817	Median Housing Value		85,701	
FFIEC Adjusted Median Family Income for 2016		52,400	Unemployment Rate (2010 US Census)		3.05%	
Households Below Poverty Level		18%				

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

Source: 2010 US Census and 2016 FFIEC updated MFI

The Cherokee AA consists of the counties of Anderson, Angelina, Cherokee, Harrison, Henderson, Nacogdoches, Panola, Rains, Shelby, and Van Zandt. The AA contains 108 census tracts of which 2 or 1.85 percent are low-income census tracts and 18 or 16.67 percent are moderate-income census tracts. All areas consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low- or moderate-income geographies. Approximately 47.33 percent of the bank's deposits are located in this AA. In addition, 13 branches and 13 ATMs are located in this AA. The AA delineation meets the requirements of CRA.

Larger cities within the AA include Jacksonville, Palestine, Lufkin, Marshall, and Nacogdoches. The AA has a relatively diverse economy and is considered stable. Major industries by county include: Anderson County (Palestine, TX) transportation and warehousing, health care services, retail, and educational services; Angelina County (Lufkin, TX) health care services, manufacturing, retail, and educational services; Cherokee County (Jacksonville, TX) health care services, manufacturing, and educational services; Harrison County (Marshall, TX) manufacturing, mining, and retail; Henderson County (Athens, TX) retail, health care services, educational services, and manufacturing; Nacogdoches

County (Nacogdoches, TX) educational services, health care services, and manufacturing; Panola County (Carthage, TX) construction and mining; Rains County (Emory, TX) educational services, retail trade, and construction; Shelby County (Center, TX) manufacturing, retail trade, and educational services, and Van Zandt County (Canton, TX) educational services, retail trade, and accommodation and food services.

As part of this review, we contacted a representative from a local business group. The contact indicated there is a need for affordable housing in this AA. The community contact was not aware of any community credit needs that were not being met by area financial institutions.

## Longview AA

Demographic Information for Full Scope Area: 30980 Longview MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	45	2.22	20.00	60.00	15.56	2.22
Population by Geography	214,369	1.41	18.19	62.24	18.15	0.00
Owner-Occupied Housing by Geography	53,947	0.92	12.48	65.98	20.63	0.00
Business by Geography	14,117	0.49	24.60	55.40	19.35	0.16
Farms by Geography	429	0.23	14.45	65.97	19.35	0.00
Family Distribution by Income Level	54,663	21.33	18.08	20.32	40.28	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	21,539	2.11	22.87	60.90	14.12	0.00
Median Family Income		54,648	Median Housing Value		100,380	
FFIEC Adjusted Median Family Income for 2016		55,700	Unemployment Rate (2010 US Census)		3.18%	
Households Below Poverty Level		14%				

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

Source: 2010 US Census and 2016 FFIEC updated MFI

The Longview AA consists of all of the Longview MSA, which includes the counties of Gregg, Rusk and Upshur. The AA contains 45 census tracts of which 1 or 2.22 percent was designated as low-income and 9 or 20.00 percent was identified as moderate-income. All areas consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low- or moderate-income geographies. Approximately 28.06 percent of the bank's deposits are located in this AA. In addition, 9 branches and ATMs are located in this AA. The AA delineation meets the requirements of CRA.

Major cities within the AA include Longview and Henderson, Texas. The AA's economy is stable and is relatively diverse. Major industries by county include: Gregg County (Longview, TX) health care services, manufacturing, retail, and mining; Rusk County (Henderson, TX) construction, health care services, manufacturing, and mining.

As part of this review, we contacted a representative from a local business group. The community contact was not aware of any community credit needs that were not being met by area financial institutions.

## Tyler AA

Demographic Information for Full Scope Area: 46340 Tyler MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	41	4.88	29.27	34.15	29.27	2.44
Population by Geography	209,714	3.33	26.76	39.09	30.82	0.00
Owner-Occupied Housing by Geography	53,032	1.20	21.75	42.20	34.85	0.00
Business by Geography	14,763	8.43	19.58	34.63	37.13	0.23
Farms by Geography	521	2.30	20.35	43.76	33.59	0.00
Family Distribution by Income Level	53,113	21.56	17.22	19.54	41.68	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	20,598	4.99	38.12	37.21	19.68	0.00
Median Family Income		57,225	Median Housing Value		123,758	
FFIEC Adjusted Median Family Income for 2016		64,000	Unemployment Rate (2010 US Census)		3.49%	
Households Below Poverty Level		15%				

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

Source: 2010 US Census and 2016 FFIEC updated MFI

The Tyler AA consists of the entire Tyler MSA. The AA contains 41 census tracts of which 2 or 4.88 percent were designated as low-income and 12 or 29.27 percent were identified as moderate-income. All areas consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low- or moderate-income geographies. Approximately 24.61 percent of the bank's deposits are located in this AA. In addition, 10 branches and ATMs. The AA delineation meets the requirements of CRA.

The vast majority of the population reside in Tyler, Texas. The AA's economy is stable and is relatively diverse. Major industries include health care services, retail, accommodation and food services, and educational services.

As part of this review, we contacted a representative from a local grass roots organization. The community contact indicated that there was an opportunity to provide homebuyer education to first time homebuyers. In addition, we also contacted a representative from a local business group. This contact indicated that there was an opportunity to provide micro loans for small businesses in service-based industries.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For

borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: AUSTIN BANK												
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016												
Assessment Area:	% of Rated Area Loans (#) in MA/AA *	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Cherokee AA	60.71	1,272	149,979	2,074	114,318	1,272	41,884	5	12,267	4,623	318,448	47.33
Longview AA	18.36	524	61,899	747	66,284	121	4,405	6	7,151	1,398	139,739	28.06
Tyler AA	20.93	563	77,880	882	68,292	145	6,605	4	4,422	1,594	157,199	24.61

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2014 to December 31, 2014.

\*\*\* Deposit Data as of May 19, 2017. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: AUSTIN BANK AA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Cherokee AA	878	56.68	0.80	1.03	11.31	10.25	64.52	69.13	23.37	19.59	5.32	7.69	11.17	5.28	3.95	
Longview AA	317	20.46	0.92	0.63	12.48	5.05	65.98	65.93	20.63	28.39	3.61	10.00	3.03	3.93	2.99	
Tyler AA	354	22.85	1.20	0.85	21.75	25.71	42.20	35.03	34.85	38.42	3.36	7.14	8.35	2.38	3.01	

<sup>\*</sup> Based on 2015 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: AUSTIN BANK AA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Cherokee AA	219	55.73	0.80	3.65	11.31	10.05	64.52	68.04	23.37	18.26	9.53	36.36	6.33	12.47	3.03	
Longview AA	89	22.65	0.92	2.25	12.48	15.73	65.98	64.04	20.63	17.98	8.56	0.00	17.65	6.62	12.96	
Tyler AA	85	21.63	1.20	2.35	21.75	21.18	42.20	45.88	34.85	30.59	8.67	0.00	10.87	8.94	7.81	

<sup>\*</sup> Based on 2015 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: AUSTIN BANK AA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Cherokee AA	172	42.05	0.80	0.00	11.31	11.63	64.52	62.21	23.37	26.16	3.14	0.00	4.85	3.54	2.12	
Longview AAA	114	27.87	0.92	0.00	12.48	14.04	65.98	60.53	20.63	25.44	4.72	0.00	4.63	4.61	5.04	
Tyler AA	123	30.07	1.20	0.00	21.75	17.07	42.20	39.02	34.85	43.90	3.09	0.00	5.59	2.67	2.89	

<sup>\*</sup> Based on 2015 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: AUSTIN BANK AA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography*				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Cherokee AA	3	37.50	3.31	0.00	24.15	0.00	48.46	0.00	24.09	100.00	5.00	0.00	0.00	0.00	14.29	
Longview AA	4	50.00	1.20	0.00	24.01	25.00	54.51	75.00	20.28	0.00	12.50	0.00	20.00	14.29	0.00	
Tyler AA	1	12.50	8.79	0.00	24.01	0.00	37.46	100.00	29.74	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2015 Peer Mortgage Data -- US and PR

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

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

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: AUSTIN BANK AA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Cherokee AA	2,074	56.05	1.65	1.30	18.57	21.41	59.79	65.09	19.99	12.20	9.26	7.96	11.20	10.70	5.36									
Longview MSA	745	20.14	0.49	0.13	24.60	27.92	55.40	58.93	19.35	13.02	5.81	0.00	6.22	6.72	4.12									
Tyler MSA	881	23.81	8.43	5.45	19.58	28.04	34.63	36.44	37.13	30.08	6.46	4.90	11.18	6.92	4.42									

\* Based on 2015 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2016).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: AUSTIN BANK AA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography*				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
<b>Full Review:</b>																
Cherokee AA	1,272	82.70	0.51	0.16	8.41	8.96	69.81	76.89	21.27	13.99	46.58	100.00	78.85	45.48	42.04	
Longview MSA	121	7.87	0.23	0.83	14.45	11.57	65.97	78.51	19.35	9.09	16.49	0.00	33.33	15.15	17.65	
Tyler MSA	145	9.43	2.30	0.69	20.35	15.17	43.76	36.55	33.59	47.59	23.46	0.00	15.15	13.33	57.50	

\* Based on 2015 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2016).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: AUSTIN BANK AA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share <sup>*</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>1</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Cherokee AA	878	56.68	20.61	2.24	17.84	10.57	19.68	18.03	41.88	69.15	5.83	5.77	4.17	4.49	6.72	
Longview AA	317	20.46	21.33	1.48	18.08	10.37	20.32	20.00	40.28	68.15	3.83	0.00	3.47	2.65	4.84	
Tyler AA	354	22.85	21.56	9.42	17.22	16.88	19.54	16.23	41.68	57.47	3.83	12.75	4.10	1.73	4.21	

<sup>\*</sup> Based on 2015 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 10.8% of loans originated and purchased by bank.

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

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: AUSTIN BANK AA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share*				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families <sup>2</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Cherokee AA	219	55.73	20.61	2.65	17.84	11.64	19.68	17.99	41.88	67.72	8.94	3.17	10.58	6.31	10.18	
Longview AA	89	22.65	21.33	1.27	18.08	10.13	20.32	16.46	40.28	72.15	8.16	0.00	3.64	7.14	11.17	
Tyler AA	85	21.63	21.56	11.11	17.22	18.52	19.54	23.46	41.68	46.91	8.77	5.00	16.67	5.56	8.57	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 11.2% of loans originated and purchased by bank.

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

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: AUSTIN BANK AA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share <sup>*</sup>				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Cherokee AA	172	42.05	20.61	3.16	17.84	14.56	19.68	18.99	41.88	63.29	3.42	0.00	4.19	3.69	3.40	
Longview AA	114	27.87	21.33	6.67	18.08	11.67	20.32	18.33	40.28	63.33	1.74	3.23	2.65	1.73	1.47	
Tyler AA	123	30.07	21.56	4.82	17.22	19.28	19.54	12.05	41.68	63.86	2.71	0.00	3.90	1.12	3.30	

<sup>\*</sup> Based on 2015 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 26.4% of loans originated and purchased by bank.

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

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: AUSTIN BANK AA			Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share *	
	#	% of Total **	% of Businesses ***	% BANK Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Cherokee AA	2,074	56.01	83.43	80.42	88.33	7.23	4.44	9.26	14.57
Longview MSA	747	20.17	80.36	65.86	78.98	11.24	9.77	5.81	9.28
Tyler MSA	882	23.82	83.06	67.69	85.60	7.03	7.37	6.46	9.26

\* Based on 2015 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2016).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: AUSTIN BANK AA			Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share *	
	#	% of Total **	% of Farms ***	% BANK Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Cherokee AA	1,272	82.70	96.78	96.07	94.73	4.25	1.02	46.58	50.88
Longview AA	121	7.87	96.27	97.52	90.91	8.26	0.83	16.49	18.50.
Tyler AA	145	9.43	95.39	95.17	88.97	8.97	2.07	23.46	28.97

\* Based on 2015 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
				Geography: Austin Bank		Evaluation Period: JUNE 4, 2014 TO MAY 8, 2017			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Cherokee AA	8	\$2,803	241	\$5,703	249	\$8,506	22.87%	0	0
Longview MSA AA	3	\$1,045	81	\$8,166	84	\$9,211	24.77%	0	0
Tyler MSA AA	12	\$8,339	162	\$2,189	174	\$10,528	28.31%	0	0
Statewide	0	0	13	\$8,944	13	\$8,944	24.05%	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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: Austin Bank Evaluation Period: JUNE 4, 2014 TO MAY 8, 2017																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Cherokee Non MSA	47.33%	13	40.63%	0	2	9	2	1	0	0	0	0	+1	1.39%	14.82%	60.60%	23.18%
Longview MSA	28.06%	9	28.13%	0	1	4	4	0	0	0	0	0	0	1.41%	18.19%	62.24%	18.15%
Tyler MSA	24.61%	10	31.25%	2	2	2	4	1	1	0	0	+1	-1	3.33%	26.76%	39.09%	30.82%

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