



PUBLIC DISCLOSURE

April 15, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Commercial Bank, National Association
Charter Number 17862

1336 East Court Street
Seguin, TX 78155

Office of the Comptroller of the Currency

San Antonio South Field Office
10001 Reunion Place, Suite 250
San Antonio, TX 78216-4133

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

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Overall CRA Rating

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The bank has a satisfactory record of meeting community credit needs. The rating is based on the following findings:

- The bank's quarterly average loan-to-deposit (LTD) ratio is reasonable given the size, financial condition, credit needs, and competition in the assessment area (AA).
- The bank originated a substantial majority of loans inside the AA.
- The bank's lending performance reflects reasonable distribution across geographies of different income levels.
- The bank's lending performance reflects reasonable distribution to borrowers of different incomes and businesses of different sizes.
- Community development lending, investments, and services reflect adequate responsiveness to the needs of the AA.

Definitions and Common Abbreviations

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

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

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

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small

business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

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

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

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

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

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

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

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative, 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

First Commercial Bank (FCB) is a community bank headquartered in Seguin, Texas, approximately 35 miles east of San Antonio, Texas. FCB is owned by First Commercial Financial Corporation, Inc., a locally owned, one-bank holding company. FCB acquired Jourdanton State Bank (JSB) in 2016, more than doubling in size. Total assets grew from \$157 million as of December 31, 2015 to \$327 million as of December 31, 2016. Total loans grew from \$106 million to \$151 million, total deposits from \$143 million to \$292 million, and total capital from \$12 million to \$33 million. The acquisition also increased the number of locations from three to seven. In addition to the main office in Seguin, the other two original locations were in New Braunfels, Texas. The acquisition of JSB added two branches in San Antonio, one in Pearsall, and one in Jourdanton, Texas. All locations have a walk-in teller lobby, a drive-through motor bank, and an automated teller machine (ATM). The main office and five of the six branches are located in the San Antonio Metropolitan Statistical Area (MSA). The Pearsall, Texas branch is the only location not within the San Antonio-New Braunfels MSA. It is located in Frio County, approximately 55 miles southwest of San Antonio. There have been no other changes to FCB's corporate structure.

The bank offers a full range of deposit and loan products and services. Primary lending products consist of commercial and residential loans. Deposit products and services include standard business and personal banking accounts, and online banking. Customers are able to access account information through ATMs, telephone, online, and in person. The bank's business strategy is to provide a range of traditional financial products and services through a variety of business channels. The bank's strategy includes concentrating on serving the needs of small business customers through a specialty in small business lending.

As of December 31, 2018, FCB reported total assets of \$328 million, and total loans of approximately \$206 million. Tier 1 capital totals \$31 million, and represents 9.4 percent of total assets.

FCB faces strong competition from numerous competitors. San Antonio and the surrounding communities are heavily banked with local, regional, and national financial institutions competing for business. FDIC market share reports as of June 30, 2018 indicate 55 institutions with FCB holding 0.26 percent of deposits. The top three depository institutions in the five identified counties are USAA FSB, Frost, and Citibank, with 67 percent, 7 percent, and 4 percent, respectively.

Based on the overall condition and size of the bank, there are no legal, financial, or other factors that would inhibit FCB's ability to meet the credit needs in the AA. The previous CRA examination dated June 23, 2014 assigned an overall "Satisfactory" rating to the lending performance of the bank.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The Office of the Comptroller of the Currency (OCC) evaluated FCB's CRA performance using intermediate small bank (ISB) procedures, which includes the Lending and the Community Development tests. The evaluation covers the period from January 1, 2016 to December 31, 2018. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through lending activities using the following performance criteria: loan-to-deposit ratio, lending in the assessment area, borrower distribution, geographic distribution, and responsiveness to CRA-related complaints. The Community Development Test evaluates the bank's responses to the identified needs in its AAs through community development (CD) lending, qualified investments, and CD services.

The scope included a review of the bank's primary lending products. The bank's primary lending products as determined by dollar and number volume are commercial loans and residential loans. The following table shows the bank's loan portfolio composition as reported in the December 31, 2018 Consolidated Report of Condition.

Loan Portfolio Composition as of December 31, 2018		
Loan Category	(\$000s)	% Total Loans
Real Estate - Residential (1-4)	42,989	21%
Commercial and Commercial Real Estate	100,082	49%
Agricultural Production and Farmland	7,796	4%
Obligations of Municipalities	7,034	3%
Construction Loans	33,211	16%
Consumer	6,388	3%
Real Estate - Multifamily (5 or more)	3,482	2%
Other	5,241	3%
Total Loans	206,223	100%

To perform the Lending Test, we reviewed a random sample of commercial loans originated between January 1, 2016 and December 31, 2018 and used bank reported HMDA data for 2016, 2017, and 2018 to assess home mortgage lending. During the evaluation period, the Federal Financial Institutions Examination Council (FFIEC) issued changes to income tract level designations. Due to these changes, loans originated in 2016 were evaluated against 2010 census data while loans originated in 2017 and 2018 were combined and evaluated against 2015 census data.

The evaluation period for the Community Development Test used information beginning from January 1, 2016 through December 31, 2018.

Data Integrity

Bank reported HMDA data was reliable for use in our assessment of home mortgage lending. Internal audits have identified no data integrity concerns. The bank has satisfactory controls and processes to ensure the accuracy, and reliability of data. For commercial loans, we obtained financial and geographic information directly from the bank's loan files and, when not available in the loan file, from bank management.

Selection of Areas for Full-Scope Review

The bank has designated its AA to include the counties where it operates its main office and branches. The counties consist of Frio, Atascosa, Bexar, Comal, and Guadalupe. Frio County is in a non-MSA geography, the remaining counties are a part of the San Antonio-New Braunfels MSA. For the purpose of this exam, we analyzed the MSA geography (San Antonio-New Braunfels MSA AA) and the non-MSA geography (Frio County Non-MSA AA) as two separate AAs. Each AA received a full-scope review. We also noted that the Frio County Non-MSA AA has been identified as a distressed/underserved geography. The bank's AA meets regulatory requirements, as it consists of whole geographies and does not reflect illegal discrimination or arbitrarily exclude any low- or moderate-income geographies. Please refer to **Appendix A** for more information.

Ratings

The bank's overall rating is based on the full-scope review of its AA. The AA was divided into MSA and non-MSA geographies for evaluation. The bank's two identified primary products were given equal weight in determining the Lending Test rating. Lending data was obtained from bank provided HMDA-LARs and commercial loan transaction testing. Lending data was compared to demographic information, and as available, aggregate lending data for financial institutions that operate in the AA to gauge FCB's performance.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

Conclusions with Respect to Performance Tests

LENDING TEST

FCB's performance under the Lending Test is **SATISFACTORY**. FCB has been successful in meeting the credit needs of its AA. FCB has demonstrated satisfactory performance based on a reasonable average quarterly LTD ratio, a substantial majority of loans originated inside the AA, reasonable distribution to borrowers of various income levels and to businesses of different sizes, and reasonable lending distribution to low- and moderate-income geographies.

Loan-to-Deposit Ratio

The quarterly average LTD ratio is reasonable and reflects satisfactory performance given the bank's capacity to lend, market competition, local demographics, economic factors, and lending opportunities in the AA. FCB's average quarterly LTD ratio for the 19 quarters since the prior CRA evaluation is 61 percent, and ranged from a high of 74 percent to a low of 47 percent over the evaluation period.

We compared four similarly situated institutions to assess FCB's performance. We selected these institutions due to similarities in size, number of branches, and geographic location. Although FCB's LTD ratio is below the average LTD ratio of the similarly situated institutions, it is reasonable when considering additional performance context factors. The acquisition of JSB significantly reduced FCB's LTD ratio, but the ratio has since steadily improved. FCB's December 31, 2015 LTD ratio was 74 percent, but fell to 47 percent at June 30, 2016 following the early 2016 acquisition. Since the acquisition, FCB has used its significant deposit base to fund loan growth, steadily growing the LTD ratio to 69 percent at December 31, 2018, the highest level since the acquisition of JSB.

The following table shows the total assets and quarterly average LTD ratios of FCB and the four similarly situated institutions. FCB is listed first and the remaining are listed in no particular order. There is no intended or implied ranking. Please note that all LTD ratios are calculated on a bank wide basis.

Average Quarterly Loan-to-Deposit Ratio (1Q 2014 – 4Q 2018)		
Institution	12/31/18 Total Assets (\$000s)	Average Quarterly LTD Ratio
First Commercial Bank	328,311	60
Schertz Bank & Trust	408,416	88
Texstar National Bank	260,115	89
Sage Capital Bank	405,478	70
First National Bank of Beeville	434,881	73

Source Institution Reports of Condition from March 31, 2014 through December 31, 2018.

Lending in Assessment Area

FCB originated a substantial majority of loans, by number and volume, inside the AA and exhibits outstanding performance. The following chart shows the lending activity utilizing HMDA data and the commercial loan sample. FCB originated 88 percent of loans by number and 88 percent by dollar volume within the AA during the evaluation period.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans				
	Inside		Outside		Total #	Inside		Outside		Total \$000s
	#	%	#	%		\$000s	%	\$000s	%	
Home Mortgage	189	86	31	14	220	35,312	84	6,751	16	42,063
Commercial	90	94	6	6	96	15,921	98	334	2	16,255
<i>Total</i>	<i>279</i>	<i>88</i>	<i>37</i>	<i>12</i>	<i>316</i>	<i>51,233</i>	<i>88</i>	<i>7,085</i>	<i>12</i>	<i>58,318</i>

*Source: Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data, HMDA, and loan sample
Due to rounding, totals may not equal 100.0*

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

FCB's lending performance during the evaluation period reflects reasonable borrower distribution and satisfactory performance throughout the entire AA.

Home Mortgage Loans

Refer to **Table P** in **Appendix C** for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

San Antonio-New Braunfels MSA AA

FCB's lending performance demonstrated reasonable borrower distribution of home mortgage loans originated in 2016 and 2017-2018. Lending to LMI borrowers was below the level of LMI families in the AA, but comparable to aggregate lending levels in the AA. FCB and aggregate lending LMI lending levels falling below LMI families is attributed to elevated housing costs. The median housing value grew from \$136 thousand in 2016 to \$150 thousand in 2018 while median income ranges remained stable. In 2018, the median income range for moderate-income families was \$34 thousand to \$54 thousand and low-income families was less than \$34 thousand.

Frio County Non-MSA AA

FCB's lending performance demonstrated reasonable borrower distribution of home mortgage loans originated in 2016 and 2017-2018. The bank only originated ten home mortgage loans in the AA during the evaluation period, five in 2016, and five in 2017-18. However, there are limited opportunities in the AA as financial institutions reported originating only 120 home mortgage loans in 2016 and 137 in 2017-18. Limited home

mortgage lending opportunities is attributed to an elevated percentage of families living below the poverty line (17 percent in 2016, 19 percent in 2018). Additionally, housing costs are rapidly increasing as the median housing value grew from \$49 thousand to \$71 thousand during the evaluation period. Although home mortgage lending activity was limited, FCB lending to LMI borrowers exceeded aggregate lending levels in the geography.

Loans to Small Businesses

Refer to **Table R** in **Appendix C** for the facts and data used to evaluate the borrower distribution of the bank's loans to small businesses.

San Antonio-New Braunfels MSA AA

FCB's lending performance demonstrated reasonable borrower distribution of loans to small businesses originated in 2016 and 2017-2018. The majority of commercial loans sampled during the evaluation were extended to small businesses. FCB lending to small businesses was below the level of small businesses in the AA, but far exceeded aggregate lending levels in both 2016 and 2017-18.

Frio County Non-MSA AA

FCB's lending performance demonstrated reasonable borrower distribution of loans to small businesses originated in 2016 and excellent borrower distribution in 2017-2018. FCB's 2016 lending performance was comparable to the level of small businesses in the AA and far exceeded aggregate lending levels. FCB's 2017-18 lending performance far exceeded the level of small businesses and aggregate lending levels in the AA as all loans in our sample were extended to small businesses.

Distribution of Loans by Income Level of the Geography

FCB's lending performance during the evaluation period reflects reasonable geographic distribution and satisfactory performance throughout the entire AA.

Home Mortgage Loans

Refer to **Table O** in **Appendix C** for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

San Antonio-New Braunfels MSA AA

FCB's lending performance demonstrated reasonable geographic distribution of home mortgage loans originated in 2016 and 2017-2018. Lending to low-income tracts was comparable to the level of owner occupied housing units in those tracts and to aggregate lending levels in the AA. Lending to moderate-income tracts was below the level of owner occupied housing units in those tracts, but comparable to aggregate lending levels. The

discrepancy between FCB's lending to moderate-income tracts and the level of owner occupied housing units in those tracts is attributed to elevated housing costs, branch locations within the AA, and significant competitive pressures.

Frio County Non-MSA AA

FCB's lending performance demonstrated reasonable geographic distribution of home mortgage loans originated in 2016 and 2017-2018. FCB home loan originations to moderate-income tracts far exceeded the level of owner occupied housing units and aggregate lending in 2016 and was comparable to both metrics in 2017-18. Limited originations during the evaluation period, five in 2016, five in 2017-18, account for the significant difference in FCB's lending percentages. Three of the ten loans originated during the evaluation period were extended to moderate-income tracts, which is comparable to the level of owner occupied housing units in these tracts during the evaluation period and supports reasonable distribution for both 2016 and 2017-18. FCB's limited home mortgage originations is explainable when considering limited originations in the overall market, rising housing costs, and significant level of families living below the poverty line.

Small Loans to Businesses

Refer to **Table Q** in **Appendix C** for the facts and data used to evaluate the geographic distribution of the bank's business loan originations and purchases.

San Antonio-New Braunfels MSA AA

FCB's lending performance demonstrated reasonable geographic distribution of small loans to businesses originated in 2016 and 2017-2018. In 2016, FCB's distribution of loans to small businesses located in LMI tracts was comparable to the level of businesses and aggregate lending in those tracts. In 2017-2018, FCB's distribution of loans to small businesses located in low-income tracts was comparable to demographic and aggregate lending levels and loans to moderate-income tracts were slightly below these metrics.

Frio County Non-MSA AA

FCB's lending performance demonstrated reasonable geographic distribution of small loans to businesses originated in 2016 and 2017-2018. The level of FCB's 2016 originations to moderate-income tracts was comparable to the level of small businesses and aggregate lending in those tracts. FCB's 2017-18 lending performance in moderate-income tracts was comparable to the level of businesses and slightly below aggregate lending levels.

Responses to Complaints

There have been no CRA related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

FCB's performance under the Community Development Test demonstrates adequate responsiveness to the needs of its AA through CD loans, qualified investments, and CD services with consideration given to the bank's capacity and the need and availability of such opportunities for activities in its AA.

Number and Amount of Community Development Loans

FCB's level of CD lending reflects adequate responsiveness to the CD needs of its AA. The bank originated 12 loans totaling \$2.5 million during the evaluation period. This represents 8 percent of tier one capital.

Number and Amount of Qualified Investments

FCB's level of qualified investments reflects adequate responsiveness to the CD needs of its AA. The bank has a total of eight qualified investments totaling \$2.3 million. This represents approximately 7 percent of tier one capital.

Extent to Which the Bank Provides Community Development Services

FCB's level of CD services reflects adequate responsiveness to CD needs of its AA. CD services consist primarily of bank employee participation in various organizations. Bank members contributed over 1,105 hours during the evaluation period providing CD services. CD services include providing time and expertise to various organizations including Habitat for Humanity, Communities in Schools, and Seguin Youth Services.

Responsiveness to Community Development Needs

FCB has demonstrated adequate responsiveness to community development needs. The levels of CD loans, investments, and services all reflect adequate responsiveness.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/2016 to 12/31/2018) Investment and Service Tests and CD Loans: (01/01/2016 to 12/31/2018)	
Financial Institution		Products Reviewed
First Commercial Bank (FCB) Seguin, TX		Residential Commercial
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
San Antonio-New Braunfels MSA AA #41700	Full-Scope	
Frio County Non-MSA AA	Full-Scope	

Appendix B: Community Profiles for Full-Scope Areas

San Antonio-New Braunfels MSA AA

Table A – Demographic Information of the Assessment Area: San Antonio-New Braunfels MSA AA 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	427	8.7	29.3	30.9	30.2	0.9
Population by Geography	1,999,689	6.9	29.7	32.2	31.3	0.0
Housing Units by Geography	752,244	6.6	29.1	33.4	30.9	0.0
Owner-Occupied Units by Geography	436,895	4.6	24.5	33.8	37.2	0.0
Occupied Rental Units by Geography	239,572	9.7	36.1	32.6	21.7	0.0
Vacant Units by Geography	75,777	8.6	34.1	33.6	23.8	0.0
Businesses by Geography	124,638	5.0	21.6	31.1	42.1	0.2
Farms by Geography	2,913	3.1	16.5	35.3	45.1	0.1
Family Distribution by Income Level	468,469	22.9	17.0	19.2	40.8	0.0
Household Distribution by Income Level	676,467	24.7	16.2	18.0	41.2	0.0
Median Family Income MSA - 41700 San Antonio-New Braunfels, TX MSA		\$58,222	Median Housing Value			\$135,920
			Median Gross Rent			\$780
			Families Below Poverty Level			12.4%
<i>Source: 2010 U.S. Census and 2016 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Table A – Demographic Information of the Assessment Area: San Antonio-New Braunfels MSA AA 2018						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	427	8.0	32.6	27.6	30.9	0.9
Population by Geography	2,135,644	6.6	30.7	29.3	33.4	0.0
Housing Units by Geography	796,385	6.3	30.3	30.0	33.4	0.0
Owner-Occupied Units by Geography	444,213	4.5	24.2	29.5	41.9	0.0
Occupied Rental Units by Geography	282,872	8.3	38.7	30.5	22.6	0.0
Vacant Units by Geography	69,300	9.6	35.8	31.8	22.7	0.0
Businesses by Geography	133,170	4.7	21.5	29.6	44.0	0.3
Farms by Geography	3,035	2.4	15.1	32.7	49.7	0.1
Family Distribution by Income Level	500,675	22.8	17.4	19.2	40.5	0.0
Household Distribution by Income Level	727,085	24.6	16.0	18.0	41.4	0.0
Median Family Income MSA - 41700 San Antonio-New Braunfels, TX MSA		\$62,228	Median Housing Value			\$149,780
			Median Gross Rent			\$897
			Families Below Poverty Level			12.9%
<i>Source: 2015 ACS Census and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

San Antonio-New Braunfels MSA AA - Community Profile

FCB operates six locations in the San Antonio-New Braunfels MSA. The MSA consists of San Antonio and surrounding communities. San Antonio is the second largest city in Texas. San Antonio is centrally located in the state, 150 miles north of the Mexican border at Laredo, 550 miles east of El Paso, 273 miles south of Dallas, and 190 miles west of Houston. The location makes San Antonio an important transportation and commercial center for South Texas and Northern Mexico.

Employment is centered in government, and healthcare. The area has a strong financial services section, with United Services Automobile Association (USAA) headquartered in the city and employing approximately 18 thousand individuals. The San Antonio area also has rapidly growing biomedical, biotechnology, IT, and cybersecurity fields.

San Antonio is known as Military City USA, with four military installations comprising Joint Base San Antonio (JBSA). Randolph Air Force Base is the headquarters for Air Force air education, training command, and military personnel center. Fort Sam Houston, which includes Brooke Army Medical Center, Institute of Surgical Research, Defense Medical Readiness Training Institute, and provides all medical training for all branches of the armed forces. Lackland Air Force Base is the basic training and headquarters for the Air Force Intelligence Agency. Camp Bullis provides base operations and training support to JBSA. The military provides employment to approximately 77 thousand individuals directly and another 283 thousand indirectly. There are also over 125 thousand individuals that receive training at these locations from three months to one year on average.

Population growth continues to be a factor for the area. The city grew by approximately 11 percent between the 2010 census and the estimated census for 2017. San Antonio is expected to experience growth of approximately 7.5 percent by 2022. San Antonio and the surrounding communities are home to a significant number of military retirees in a large part due to the easy access to medical treatment the area offers. Aside from the favorable economic conditions, another factor that continues to contribute to the city's strong growth projections is the cost of living. The 2018 annual average cost of living index from the Council for Community and Economic Research found that although the city is the 7th largest in the nation, the cost of living is 13 percent lower than other large cities.

Federal Reserve Economic Data (FRED) reports show that as of December 31, 2018 MSA unemployment rate is 3.4 percent. This compares favorably to 3.7 percent for the state and 3.9 percent nationally. Despite the favorable unemployment rates and employment opportunities in the area, the MSA still has 13 percent of the population living at or below the poverty level.

Affordable housing is a major concern for the area, according to a local community organization that works to provide affordable housing for LMI families. The community contact stated that utilizing 30 percent of income as a threshold of affordability, a single

income family making minimum wage is unable to afford the fair market rent for a two bedroom apartment. Additionally, 41 percent of dual income families cannot afford rent for the same apartment without exceeding the affordability threshold. Local financial institutions are active in the community and fund groups that focus on LMI individuals and small businesses.

Frio County Non-MSA AA

Table A – Demographic Information of the Assessment Area: Frio County Non-MSA AA 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	33.3	66.7	0.0	0.0
Population by Geography	17,217	0.0	36.8	63.2	0.0	0.0
Housing Units by Geography	5,850	0.0	29.1	70.9	0.0	0.0
Owner-Occupied Units by Geography	3,159	0.0	28.2	71.8	0.0	0.0
Occupied Rental Units by Geography	1,589	0.0	32.4	67.6	0.0	0.0
Vacant Units by Geography	1,102	0.0	27.0	73.0	0.0	0.0
Businesses by Geography	709	0.0	27.5	72.5	0.0	0.0
Farms by Geography	72	0.0	36.1	63.9	0.0	0.0
Family Distribution by Income Level	3,610	26.2	17.2	22.5	34.1	0.0
Household Distribution by Income Level	4,748	26.3	18.1	17.9	37.7	0.0
Median Family Income Non-MSAs - TX		\$47,817	Median Housing Value			\$48,787
			Median Gross Rent			\$576
			Families Below Poverty Level			17.4%
<i>Source: 2010 U.S. Census and 2016 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Table A – Demographic Information of the Assessment Area: Frio County Non-MSA AA 2018						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	33.3	66.7	0.0	0.0
Population by Geography	18,168	0.0	37.4	62.6	0.0	0.0
Housing Units by Geography	5,872	0.0	32.5	67.5	0.0	0.0
Owner-Occupied Units by Geography	3,373	0.0	27.7	72.3	0.0	0.0
Occupied Rental Units by Geography	1,421	0.0	40.6	59.4	0.0	0.0
Vacant Units by Geography	1,078	0.0	36.8	63.2	0.0	0.0
Businesses by Geography	705	0.0	23.5	76.5	0.0	0.0
Farms by Geography	72	0.0	22.2	77.8	0.0	0.0
Family Distribution by Income Level	3,720	29.9	22.2	14.0	33.9	0.0
Household Distribution by Income Level	4,794	27.5	18.4	16.1	38.0	0.0
Median Family Income Non-MSAs - TX		\$52,076	Median Housing Value			\$71,181
			Median Gross Rent			\$665
			Families Below Poverty Level			18.6%
<i>Source: 2015 ACS Census and 2018 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Frio County Non-MSA AA - Community Profile

Frio County is located southwest of the city of San Antonio. The bank operates a branch in the city of Pearsall, which is the county seat. The population of Pearsall is approximately 10 thousand and represents 58 percent of the county's total population. Frio County is not a part of an MSA and consists of three CTs. There are two middle income CTs and one moderate income CT. This AA has been identified as distressed/underserved.

The economy is specialized in the oil and gas industry, with the county in the heart of the Eagle Ford Shale formation. This includes wells that are on the land, as well as the various service and support jobs that oil and gas activity brings. Additional economic industries include mining and agriculture.

A local community contact indicated that there is a need for affordable housing in the city of Pearsall. There are initiatives that include a revitalization of the downtown area, public works, and training and education for small businesses that have a desire to occupy empty storefronts.

Housing availability according to census data shows a vacancy rate of 18 percent, and the average construction date of housing is 1983. The community contact also indicated that a common practice in the area is that an individual will buy a tract of land and build a home. There are attempts to bring in a builder to construct a sub-division to provide more affordable and newer housing options.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA- reporting lenders in the assessment area. Deposit data is compiled by the FDIC and is available as of June 30th of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems. The following is a listing and description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution 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. Because small business data is not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2016

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Bank Total By #	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans by #	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
San Antonio MSA AA	40	6,319	88.9	74,803	4.6	2.5	1.5	24.5	10.0	11.0	33.8	47.5	33.5	37.2	40.0	54.0	0.0	0.0	0.0
Frio County Non MSA	5	31	11.1	120	0.0	0.0	0.0	28.2	40.0	16.7	71.8	60.0	83.3	0.0	0.0	0.0	0.0	0.0	0.0
Total	45	6,350	100.0	74,923	4.5	2.2	1.5	24.5	13.3	11.0	34.0	48.9	33.6	36.9	35.6	53.9	0.0	0.0	0.0

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2017-18

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Bank Total By #	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans by #	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans by #	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans by #	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans by #	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans by #	Aggregate
San Antonio MSA AA	129	28,811	96.3	70,155	4.5	3.1	1.2	24.2	12.4	13.1	29.5	36.4	31.7	41.9	48.1	53.9	0.0	0.0	0.0
Frio County Non MSA	5	60	3.7	137	0.0	0.0	0.0	27.7	20.0	20.4	72.3	80.0	79.6	0.0	0.0	0.0	0.0	0.0	0.0
Total	134	28,871	100.0	70,292	4.5	3.0	1.2	24.2	12.7	13.1	29.8	38.1	31.8	41.6	46.3	53.8	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2016
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% Bank Loans by #	Overall Market	% Families	% Bank Loans by #	Aggregate	% Families	% Bank Loans by #	Aggregate	% Families	% Bank Loans by #	Aggregate	% Families	% Bank Loans by #	Aggregate	% Families	% Bank Loans by #	Aggregate
San Antonio MSA AA	40	6,319	88.9	74,803	22.9	2.5	2.9	17.0	5.0	9.3	19.2	15.0	18.9	40.8	65.0	43.7	0.0	12.5	25.3
Frio County Non MSA AA	5	31	11.1	120	26.2	0.0	2.5	17.2	20.0	9.2	22.5	40.0	25.0	34.1	40.0	35.8	0.0	0.0	27.5
Total	45	6,350	100.0	74,923	23.0	2.2	2.9	17.0	6.7	9.3	19.3	17.8	18.9	40.8	62.2	43.6	0.0	11.1	25.3

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-18
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
San Antonio MSA AA	129	28,811	96.3	70,155	22.8	2.3	3.2	17.4	8.5	11.2	19.2	8.5	20.9	40.5	56.6	42.6	0.0	24.0	22.1
Frio County Non MSA AA	5	60	3.7	137	29.9	0.0	2.9	22.2	20.0	9.5	14.0	20.0	19.7	33.9	60.0	41.6	0.0	0.0	26.3
Total	134	28,871	219.7	70,292	22.9	2.2	3.2	17.4	9.0	11.2	19.2	9.0	20.9	40.5	56.7	42.6	0.0	23.1	22.1

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

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Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2016	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Sample By #	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
San Antonio MSA AA	13	2,426	65.0	38,868	5.0	5.0	5.0	21.6	25.0	19.4	31.1	45.0	28.5	42.1	25.0	47.0	0.2	--	0.2	
Frio County Non MSA AA	10	215	81.0	192	0.0	--	0.0	27.5	25.0	28.1	72.5	75.0	71.9	0.0	--	0.0	0.0	--	0.0	

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2017-18	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
San Antonio MSA AA	24	9,019	60.0	35,586	4.8	3.0	4.2	21.8	13.0	20.7	29.6	38.0	29.2	43.6	48.0	45.7	0.3	--	0.2	
Frio County Non MSA AA	21	455	100.0	185	0.0	--	0.0	23.7	24.0	30.3	76.3	76.0	69.7	0.0	--	0.0	0.0	--	0.0	

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2016
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Sample By #	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
San Antonio MSA AA	13	2,426	65.0	38,868	84.2	65.0	40.2	5.1	35.0	10.7	--
Frio County Non MSA AA	10	215	71.0	192	74.2	71.0	21.4	5.2	--	20.6	29.0

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-18
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Sample By #	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
San Antonio MSA AA	24	9,019	60.0	35,586	84.5	60.0	46.0	4.9	40.0	10.5	--
Frio County Non MSA AA	21	455	100.0	185	75.0	100.0	29.7	4.7	--	20.3	--

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017, Loan Sample, CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0