



## **PUBLIC DISCLOSURE**

September 11, 2017

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

American Bank, National Association  
**Charter Number 15820**

100 American Bank Plaza  
Corpus Christi, Texas 78475

Office of the Comptroller of the Currency

San Antonio South Field Office  
10001 Reunion Place, Suite 250  
San Antonio, Texas 78216

**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 **American Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(American Bank, National Association) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Low Satisfactory	X		X
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 activity during the evaluation period reflects adequate responsiveness to the credit needs in the bank’s largest assessment areas (AA) which include the Corpus Christi and Austin Metropolitan Statistical Areas (MSA).
- A substantial majority of loans are made in the institution’s AAs. Loan originations in the bank’s AAs are excellent with 93 percent of the total number of loans and 92 percent of the total dollar volume of loans originated within the AAs for the 2014-2016 evaluation period.
- The overall geographic distribution of loans reflects adequate penetration throughout the AAs. The OCC placed the most weight on the geographic distribution of small business loans, where the penetration of small loans to businesses in low-income geographies was excellent in all of the bank's AAs.
- The distribution of loans to borrowers of different income levels reflects poor penetration among families of different income levels and businesses of different size; however, the bank’s Community Development (CD) lending activities had a positive impact on the bank’s overall performance.
- The bank is a leader in CD lending in the Corpus Christi and Austin AAs.
- CD investments reflect a significant level of qualified investments and grants supporting good responsiveness to the needs of the Corpus Christi AA.
- Delivery systems are reasonably accessible to essentially all portions of the bank’s geographies and to individuals of different income levels in the AA. The closing and opening of branches has not adversely affected the accessibility of its delivery systems. The bank provides a high level of community development services in the bank’s largest assessment area.

## 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 refinancing's, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

American Bank, National Association (American), is a privately owned, intrastate bank headquartered in Corpus Christi, Texas. The bank is a wholly-owned subsidiary of American Bank Holding Corporation (American HC), a one-bank holding company based in Corpus Christi. American Financial Insurance Services, Inc., a wholly-owned insurance sales subsidiary of American HC, owns Borden Agency Insurance, which are both affiliates of American. American also has an affiliate, ABNA, Investments, Inc., which was established to provide equity investments into a small business investment company (SBIC). American does not have any other subsidiaries or affiliates. Subsidiary activities do not affect the capacity of American to lend or invest in its AA.

American operates 12 full-service locations, including eight in the Corpus Christi MSA, two in the Austin MSA, and two in the Victoria MSA. The bank has not opened any new branches since the previous evaluation, but bank management opened a new loan production office (LPO) in the Austin AA in 2015. American closed one branch office in Lakeway, Texas in 2014. This branch was located in an upper-income area of the Austin AA. Automated Teller Machines (ATMs) are available at each full-service location and an additional six remote ATMs are located throughout the Corpus Christi MSA. Drive-in facilities are available at 10 of the full-service locations.

At June 30, 2017, American reported total assets of \$1.3 billion. Common equity tier 1 capital totaled \$113 million and the tier 1 Leverage ratio totaled 8.85 percent. Net loans totaled \$784 million and represented 69 percent of total deposits and 62 percent of total assets. American primarily focuses on commercial lending. Commercial real estate and construction and development loans secured by real estate represent 52 percent of the total loan portfolio with commercial/industrial loans representing 30 percent. The remaining loan portfolio includes: residential real estate - 13 percent; farmland secured loans - 3 percent; consumer loans - 1 percent; multi-family property loans - 1 percent; and other loans - 1 percent. Based on its financial condition, size, product offerings, and branch network, there are not any legal, financial, or other factors that inhibit the bank's ability to help meet the credit needs in its AAs.

American's primary focus is the commercial sector and is a Small Business Administration (SBA) Preferred Lender. The bank also offers a variety of home mortgage products through its eight mortgage center locations. American originates and sells loans on the secondary market and the bank participates in several mortgage programs designed for low- and moderate-income borrowers, such as the SETH 5 Star Texas Advantage, Freddie Mac's Home Possible program, Fannie Mae's Home Ready program, as well as programs offered through the City of Corpus Christi Housing and Community Development department. These programs offer lower down payment and more flexible underwriting requirements. During the evaluation period, the bank funded over \$1.7 million in loans through these programs.

The bank also offers a full range of consumer loans and deposit products as well as trust, insurance, and brokerage services. American provides a number of consumer and commercial services through its website ([www.americanbank.com](http://www.americanbank.com)) and mobile banking product. American also provides telephone banking and online applications for mortgage and consumer loans.



American's primary market is the Coastal Bend area, with more recent growth in the Austin metropolitan area. The bank's largest market from both a loan and deposit perspective is the Corpus Christi MSA. During the evaluation period (2014-2016), American reported 82 percent of its mortgage and small business loans in the Corpus Christi MSA. This volume of lending is consistent with the bank's deposits in the Corpus Christi market, which represented 88 percent of total deposits as reported to the FDIC on June 30, 2017.

American ranked second in market share deposits in the Corpus Christi MSA, according to the FDIC's June 30, 2017 Deposit Market Share Report, with 17 percent of the total market share of deposits, behind the larger regional Frost Bank. American faces strong competition in its markets from local community banks, credit unions, mortgage companies, regional banks, as well as the largest banks in the nation.

The prior CRA examination, dated September 16, 2013, assigned an overall "Satisfactory" rating to the performance of the bank.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. The Lending Test included a review of residential mortgage loans subject to filing under the HMDA, small loans to businesses subject to filing under the CRA, and CD loans. The evaluation did not include an assessment of multi-family loans and small loans to farms because the limited volume of originations during the evaluation would not be meaningful. The Investment Test included a review of investments and donations that meet the definition of CD investments made in the bank's AAs. The Service Test included a review of retail and CD services provided in the bank's AAs.

The evaluation period for the Lending Test, except CD loans, covered January 1, 2014, through December 31, 2016. Due to the smaller volume of HMDA reportable loans, products (home purchase, refinance, and home improvement) were combined for comparative purposes in Table 2 and Table 8. For CD loans, the Investment Test, and the Service Test, the evaluation period covered September 16, 2013, the date of the last CRA evaluation, to September 11, 2017, the start date of the current CRA evaluation. The OCC based conclusions related to CD loans and Qualified Investments on the number and the dollar amount made during the evaluation period. The OCC also considered the level of innovation, complexity, responsiveness to community credit needs, and the degree to which private investors do not provide these instruments.

### Data Integrity

In July 2016, OCC personnel verified the accuracy of data made available to the public in accordance with HMDA and CRA loan data reporting requirements. Public data includes home mortgage lending and small loans to businesses and farms. During the CRA examination, the OCC reviewed additional HMDA information as well as non-public data which management provided for Community Development loans, Qualified Investments, and Community Development services to ensure they met regulatory definitions for Community Development. Based upon the verification work performed, OCC personnel considered the publicly reported CRA loan data and non-public community development data accurate. However, the OCC identified under-reporting of HMDA loans from specific loan origination channels. An independent audit re-validated applicable HMDA reportable loans from all applicable origination channels and identified 81 unreported HMDA loans. The 81 HMDA reportable loans were added to the OCC's data for this evaluation period, but these loans were not included in 2014-2016 public data.

### Selection of Areas for Full-Scope Review

OCC personnel selected the Corpus Christi MSA AA for a full-scope review because a substantial majority of the deposit and loan activity originated in this AA. This AA represents 67 percent of the bank's locations, 88 percent of the deposits, and 82 percent of the CRA reportable loans.

OCC performed limited scope reviews of the Austin and Victoria AAs because the bank only has two offices in each of these AAs and loan and deposit activity represents only a small portion of the overall bank activity. American's Austin AA includes only a portion of the entire Austin-Round Rock MSA (Travis, Hays, and Williamson Counties) and represents 7 percent of total bank deposits, and 16 percent of the CRA reportable loans. The Victoria AA, including Goliad and Victoria counties, represents 2 percent of the deposits, and 4 percent of reportable loans. Please refer to the tables in Appendix A for more information.

## **Ratings**

The bank's overall rating is based primarily on the full-scope review of the Corpus Christi MSA AA. Performance in this AA received the most weight in the overall analysis because a substantial majority of bank activity originates in this AA. Lending performance for loans to small businesses received the most weight in determining the Lending Test rating, followed by residential home mortgage performance. Multifamily and small loans to farms were not included in this assessment due to the volume being too small to support meaningful analysis.

## **Discriminatory or Other Illegal Credit Practices Review**

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

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

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the Corpus Christi MSA AA is adequate. Small loans to businesses received the most weight, followed by residential loans in evaluating CRA performance. Factors that impacted the rating include: substantial majority of loans originated were in the AA; the adequate distribution of small loans to businesses; and the poor distribution of residential loans to low- and moderate-income borrowers. The significant level of CD lending had a positive impact on the rating.

#### Lending Activity

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity. Small loans to businesses and residential loan products were identified as the primary loan products for assessing CRA performance. For the evaluation period, these loans represented 60 percent and 38 percent of reportable loans, respectively. By purpose, residential loan products include home purchase loans (23 percent), home refinance loans (13 percent), and home improvement loans (2 percent). During the evaluation period, American originated over one thousand small loans to businesses totaling \$157 million and 779 residential loans totaling \$163 million in the Corpus Christi AA.

The June 30, 2017 Summary of Deposits report from the FDIC shows that American ranks second in the Corpus Christi AA with 16.89 percent of the deposit market share.

The most recent aggregate 2015 small business peer data indicates that American ranked eighth of 72 lenders that originate loans to small businesses in the Corpus Christi AA, with 5.55 percent market share (by number). American ranked third by dollar volume of loan originations with 17.69 percent of the market share (based on dollar amount). The aggregate small business data for 2016 had not been published during this evaluation. Small business data for 2016 was not yet available for comparative analysis.

According to aggregate 2016 peer residential mortgage data, American ranked 12th in HMDA reportable residential mortgage products, with an overall market share of 2.13 percent (by number of loans) and ninth by dollar amount with a 2.35 percent market share. The 2015 aggregate data included 393 lenders originating residential loans in this market. American's performance in 2016 improved slightly with market share rank increasing one spot to number 11 with a 2.27 percent market share by number and 2.73 percent by dollar volume.

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

### ***Residential Loans***

Refer to Table 2 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's residential loan originations and purchases.

The geographic distribution of residential loans in low- and moderate-income CTs is poor. Penetration in both the low- and moderate-income CTs is significantly below AA demographics. The bank's performance in low-income geographies is near or equal to other HMDA reporters in the AA. The bank's performance in moderate-income geographies is significantly lower than aggregate HMDA lending data.

### ***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.

The geographic distribution of small loans to businesses in low- and moderate-income geographies is good. The distribution of loans in low-income census tracts exceeds AA demographics and the percentage of small businesses located in low-income geographies. The distribution of loans in moderate-income geographies is near or equal to the AA demographics and percentage of small businesses in moderate-income geographies. The bank's performance in low-income geographies also exceeds aggregate data from other area small business lenders and is near or equal to aggregate data for moderate-income geographies.

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

The OCC completed a review of reports and maps detailing lending activity of American for home mortgage products and small loans to businesses originated during the evaluation period. The OCC did not identify any conspicuous gaps in the geographic distribution of loans.

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

A substantial majority of reportable loans are made in the bank's AAs. This analysis was performed at the bank level as opposed to the AA level. The information evaluated includes bank originations and purchases only and not extensions of credit by affiliates. The analysis reflected that for the evaluation period, 93 percent of the total number of reportable loans, and 92 percent of the total dollar volume of reportable loans, originated within the AAs. By loan product and number of loans, 94 percent of small loans to businesses, 93 percent of residential loans, and 63 percent of small loans to farms originated within the AAs.

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

### ***Residential Loans***

Refer to Table 8 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's residential loan originations and purchases.

American's distribution of loans to residential loan customers of different income levels is poor. The distribution of residential loans to both low- and moderate-income families is significantly below AA demographics. However, the bank's performance with low-income families exceeds AA aggregate HMDA lending data. The bank's performance with moderate-income families is significantly lower than aggregate HMDA lending data.

### ***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 distribution of small loans to businesses with annual revenues of \$1 million or less is poor. The percentage of small loans to businesses is significantly lower than the percentage of businesses with annual revenues of \$1 million or less in the AA. The bank's performance with businesses having annual revenues of \$1 million or less is near aggregate data from other area small business lenders. 65 percent of small loans to businesses originated in amounts of \$100,000 or less.

## **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 lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

American is a leader in making community development loans. During the evaluation period, the bank originated three loans totaling \$14 million qualifying as CD in the Corpus Christi AA.

- \$8 million loan to expand a warehouse located in a moderate-income CT and created approximately 10 new, full-time positions for low- and moderate-income individuals.
- \$4 million loan to purchase equipment for a business that provides emergency services to individuals in the AA, and to individuals in the surrounding area, which includes distressed/underserved counties.
- \$2 million loan for working capital to an entity which provides services to individuals in need and promotes stability in the area.

## **Product Innovation and Flexibility**

American's use of innovative lending programs in this AA is limited, however, the bank offers several flexible lending programs in order to serve AA credit needs. The bank participates in several housing programs such as the SETH 5 Star Texas Advantage; FHLMC Home Possible; and the FNMA Home Ready programs which have qualification guidelines designed to help low- and moderate-income applicants purchase homes. American also partners with the City of Corpus Christi Housing and Community Development department to help educate and qualify low- and moderate-income individuals for affordable housing. American originated \$1.7 million in loans associated with these products during the evaluation period.

American offers several SBA loan programs with flexible underwriting criteria. During the evaluation period, the bank originated 10 SBA loans totaling \$3.4 million in the bank's AAs.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Austin and Victoria AAs is not inconsistent with the bank's overall "Low Satisfactory" performance under the lending test. Refer to Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.

### **Austin AA – Limited Scope**

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

The bank's lending performance in the Austin AA is adequate and not inconsistent with the full-scope AA; however, the bank's geographic distribution of small loans to businesses in moderate-income geographies is weaker than in the Corpus Christi AA. Similar to performance in the Corpus Christi AA, the distribution of small loans to businesses in low- income census tracts significantly exceeds the percentage of small businesses located in low-income geographies. The bank's loan distributions in low-income geographies also exceed aggregate data from other AA small business lenders. The bank's loan distribution; however, is significantly below the percentage of small businesses in moderate-income geographies and also significantly below aggregate data for moderate-income geographies. Refer to Tables 6a for specific details.

#### ***Residential Loans***

The geographic distribution of residential loans in low- and moderate-income geographies of the Austin AA was not inconsistent with the full-scope Corpus Christi AA.

### **Victoria MSA – Limited Scope**

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

The geographic distribution of small loans to businesses in low- and moderate-income geographies is weaker than the Corpus Christi AA and is poor. Similar to the bank's performance in the full-scope Corpus Christi AA, the distribution of loans in low-income census

tracts significantly exceeds the area demographics. However, loans in moderate-income census tracts are significantly below the percentage of small businesses located in moderate-income geographies. The bank's performance in low-income geographies is near or equal to aggregate data from other area small business lenders, but is significantly below aggregate data for moderate-income geographies.

### ***Residential Loans***

The volume of residential loans in the Victoria AA is insufficient for a meaningful analysis. However, during the evaluation period, American did originate two residential loans to moderate-income borrowers totaling \$128 thousand. One of these loans was a home purchase loan and the other was a home improvement loan. American also originated one residential purchase loan in a moderate-income CT totaling \$172 thousand.

### **Community Development Lending**

CD Lending in the Austin limited-scope AA is not inconsistent with performance in the full-scope AA. Performance in the Victoria AA is weaker as the bank did not originate any CD loans in this AA.

American made five loans totaling \$17 million in the Austin AA.

- \$2 million loan to an entity to develop lots for an affordable housing neighborhood. The project included city provided grant and bond money and assistance from HomeBase, a wholly-owned subsidiary of Austin Habitat for Humanity.
- \$9.5 million interim construction loans for affordable housing units on developed lots described above. During the evaluation period, the bank financed 61 units.
- \$165 thousand loan to start another phase of the project detailed above.
- Two loans totaling \$12 million to refinance a project that provided economic development and low- and moderate-income jobs in a moderate-income census tract.

### **Product Innovation and Flexibility**

American uses innovative and flexible lending practices in order to serve AA credit needs. The bank was innovative in its coordination with an area builder, the city of Austin and Habitat for Humanity to develop an affordable housing project which included renewable sources of grant monies as borrowers recognized equity when selling their home.

American has also demonstrated adequate responsiveness to AA credit needs through its origination of a loan to a small business focused on making loans to very small, underserved small business owners, including those in low- and moderate-income CTs.

The bank has also been responsive through its participation in lending to small businesses as a SBA Preferred Lender.



## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "High Satisfactory." The OCC based their conclusion primarily on the bank's significant performance in the Full-Scope Corpus Christi AA.

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

Qualifying investments are investments, deposits, membership shares, or grants that have CD as their primary purpose, as defined in the CRA regulation. American made investments, donations, and contributions that resulted in \$42.3 million in qualified investments during the current evaluation period. Existing prior period investments totaled an additional \$550 thousand. Ten percent (dollar amount) and 64 percent (by number) of current and prior period investments are within the Corpus Christi MSA AA. Ninety percent (by dollar amount) and 9 percent (by number) of current and prior period investments are outside the AAs, but within the broader statewide or regional areas. American's qualifying investments demonstrate good responsiveness to meeting identified credit and community development needs in the AAs of the bank. Specific examples of investments and donations include:

#### Investments:

- Tuloso-Midway, Texas Independent School District (ISD) Bonds (\$1.1 million). Over 54 percent of the school district is economically disadvantaged.
- Agua Dulce, Texas ISD Bonds (\$1.1 million). Over 67 percent of the school district is economically disadvantaged.

American has also invested in a Small Business Investment Company (SBIC), which focuses on economic development through lending and equity investments in small to medium size businesses. This fund focus on investments in a broader statewide and southwest regional area, which could include the bank's AAs. On June 30, 2017, the bank's investment commitment was \$1 million, of which the bank, through its affiliate has funded \$582 thousand. SBIC investments are responsive to economic development needs, including job creation and retention, and are complex due to the involvement of private and government investors (Small Business Administration), and regulatory licensing requirements of the SBICs.

#### Donations:

American made \$553 thousand in donations or contributions to numerous organizations that provide services for and to low- and moderate-income individuals in the Corpus Christi AA. A few specific examples of donations include the following:

- *Christus Spohn Health System Foundation* – \$201 thousand. These donations fund the nursing staff that cares for low- and moderate-income patients and provided mammograms to low- and moderate-income individuals.

- *Habitat for Humanity, Corpus Christi* – \$10 thousand. These donations supported the re-sale store and general contractor sponsorship.
- *Del Mar College Foundation* – \$22 thousand. This nonprofit foundation provides scholarships to students based on financial need.
- *Westside Business Association* – \$5 thousand. This nonprofit organization supports economic development in a distressed area.

In response to the recent Hurricane Harvey, American has also demonstrated willingness to work with borrowers granting extensions or deferrals and in some cases new loans to assist customers impacted by the storm. American has worked with loan customers on a case by case basis, providing concessions on loans totaling approximately \$25 million through the end of September 2017. American also waived all ATM and balance inquiry fees for customers at non-bank owned ATMs through September 2017. Also, for customers displaced by the storm, the bank refunded and/or waived fees for the replacement of debit cards and overnight delivery. The bank also suspended the collection of early withdrawal penalties on Certificates of Deposit until the end of the year for affected clients who need access to their savings to rebuild their homes and businesses. Additionally, the bank waived incoming wire transfer fees or refunded fees for customers who did not typically have money wired into their accounts in the 30 days preceding the hurricane. Other client accommodations were made on a case-by-case basis. American also established a new American Bank Employee Relief Fund, which is funded through employee donations, which are matched dollar for dollar by the bank. This fund was established to help employees most severely affected.

### **Conclusions for Area Receiving Limited-Scope Reviews**

The bank's overall performance under the Investment Test in the Austin and the Victoria AAs is weaker than the bank's overall "High Satisfactory" rating. There were 54 donations totaling \$202 thousand in the Austin AA and 15 donations totaling \$51 thousand in the Victoria AA. There were no qualified securities purchased in either the Austin or the Victoria AA. Donations made are responsive to area needs, focusing on providing scholarships to applicants in need to further their education. Performance was weaker in the limited-scope AAs, but considered adequate relative to the bank's limited presence in these markets.

The June 30, 2017, FDIC Deposit Market Share Report reflects that American ranks 38<sup>th</sup> in the Austin market with a deposit share of only 0.19 percent. American ranks 6<sup>th</sup> in the Victoria MSA with a deposit market share of 2.80 percent. Because of the nominal market share and/or presence and deposit base, minimal weight was given to the investment results in the limited-scope AAs.

In addition to the significant levels of investments made in the American AA, positive consideration was given to a significant volume of investments made in municipal bonds to school districts outside the AA, but in the state of Texas. The bank purchased 17 separate school bonds totaling \$34 million in districts where a significant number of students are on free or reduce rate meal plans, or the district was designated as distressed.

## SERVICE TEST

American's performance under the Service Test is rated "**Low Satisfactory.**" Retail banking services are reasonably accessible in the bank's geographies and to borrowers of different income levels. The opening and closing of branches has not adversely affected the accessibility of American's delivery system. The bank provides a relatively high level of CD services in its largest market, but performance in the limited-scope AAs is weaker and negatively affected the overall rating.

American's response and preparation for Hurricane Harvey in August 2017 helped to minimize customer impact to bank services in the Corpus Christi AA. American closed the coastal branches in the Corpus Christi AA on Friday August 25, 2017, in preparation for Hurricane Harvey, which made landfall at Rockport the morning of August 26, 2017. The bank's call center was open as usual but from the bank's Austin location. Most of the bank's Corpus Christi branches re-opened on Monday after the storm. The Victoria AA branches re-opened three business days later and the Rockport branch opened within four business days. The Port Aransas branch opened in a temporary facility within six business days. American informed customers of branch operating status through media press releases and the bank's website.

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance in the Corpus Christi MSA AA under the Service Test is good and is rated "**High Satisfactory.**"

### 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.

American's delivery systems provide reasonable access to geographies and individuals of different income levels in the Corpus Christi AA. The bank operates eight branch offices and 14 ATMs (including six remote ATMs) in the Corpus Christi AA. Six of the eight offices are located in Corpus Christi, one is located in Port Aransas, and one is located in Rockport. All banking offices are located on major thoroughfares. The remote ATMs are located in public places such as hospitals and grocery stores.

The bank closed two remote ATMs in 2014, both of which were located in Corpus Christi, one was located in a medical office/hospital facility in a moderate-income CT and the other was located in a downtown event center in a low-income CT. Management closed these ATMs primarily due to limited utilization and the ATM in the moderate-income CT was stolen. American has not opened or closed any branches in this AA during the evaluation period and the bank has full service branch offices within two miles of the closed remote ATMs. The opening and closing of branches has not adversely affected the accessibility of American's delivery system.

The bank's head office (Carancahua) and one branch office (Shoreline) in Corpus Christi are located in a low-income CT in the downtown area of Corpus Christi. In 2017, this area was designated by the Federal Financial Institutions Examination Council (FFIEC) and the

American Community Survey (ACS) as a moderate-income CT. The bank has ATMs at both of these locations as well as a drive-through facility at the head office location. These two offices are adjacent to two other low-income CTs and one moderate-income CT. The South office is located in a middle-income tract; however, it is adjacent to three moderate-income CTs, and one low-income CT. Two of the bank's remote ATMs (33 percent) are located in low-income CTs. One remote ATM is located in a middle-income CT, which has been designated as a moderate-income CT in 2017 by the FFIEC and ACS. The remaining branches and ATMs are located in upper- and middle-income CTs. American does not have any branches in San Patricio County, which is part of the Corpus Christi MSA AA.

The bank's geographic distribution of branches and ATMs in low-income CTs compares favorably to the percentage of AA population in these areas; although, branch distributions in moderate-income CTs are below AA demographics. Census information from 2010 indicates that 22 percent of the population in the Corpus AA resides within moderate-income CTs. When considering the availability of alternative delivery channels, the bank's branch distribution was considered reasonably accessible in all geographies and to all individuals in this AA.

American offers several alternative delivery channels which are reasonably effective in providing access to banking services in all geographies and to all individuals. The bank's website provides online banking services for consumer and commercial customers. American customers can view account balances, pay bills, transfer funds among their American accounts, as well as transfer funds to other banks. Consumer customers can also submit mortgage and consumer loan applications online. American's mobile banking product allows customers to pay bills, transfer funds and deposit checks remotely. American also offers text-based banking services through the mobile application allowing customers to access account balances, history, and initiate one-time account transfers. Commercial customers may also deposit checks remotely, pay bills, and use online ACH origination, wire, and payroll services. American also provides free 24-hour telephone banking service (with a Spanish language option), which provides the ability to transfer funds as well as check account balances. American waives up to eight ATM fees per statement cycle on non-bank owned ATMs, which helps provide customers access to a broader ATM network.

The bank offers traditional banking services at all branch locations and provides residential lending services primarily at mortgage centers located in six of its branches in the Corpus Christi AA. Residential mortgage loan officers meet with customers at all locations by appointment. The bank also offers non-bank investment services at the main office and South branch location and trust/asset management services at the Shoreline branch. American offers insurance services through its affiliate Borden Insurance.

Banking hours are consistent throughout the AA. All offices are open at least from 9:00 a.m. to 4:00 p.m., with six offices open until 5:00 p.m. on Fridays. Mini-bank and motor bank locations are open at least from 8:00 a.m. to 6:00 p.m. with some locations open as early as 7:00 a.m. Monday through Friday. All offices, except the two downtown locations, are open on Saturday from 9:00 a.m. to 1:00 p.m. Customer service representatives are available by phone from 7:00 am to 6:00 p.m. on weekdays. American makes banking services generally available similar to many of its competitors, closing on traditional bank holidays. Services and business hours do not vary in a way that inconveniences portions of the bank's AA, particularly low- and moderate-income geographies or individuals.

## Community Development Services

American provides a relatively high level of CD services in the Corpus Christi AA. CD services indicate good responsiveness in meeting identified community needs. During the evaluation period, American participated in at least 40 activities which provide qualified CD services. Employees contributed over 180 hours per month. Bank management and employees have focused efforts on activities and organizations supporting affordable housing for low- and moderate- income individuals and families. American employees serve as board members and provide financial expertise on various committees of organizations providing scholarships and supporting educational needs and financial literacy for low- and moderate-income individuals. Management has also been involved in activities and charitable non-profit organizations providing medical and essential services for low- and moderate-income individuals. Notable examples of the bank's involvement during the evaluation period included the following:

*Corpus Christi Improvement Corporation* – an American residential mortgage loan officer serves on the Board and Loan Review Committee of this city sponsored organization which provides loans through various city sponsored loan programs. These city programs are designed to enhance the quality of life for low-income citizens and provide housing services for low-income households.

*Catholic Charities* – American provides financial education and homebuyer counseling, education, and training services through this organization. American has participated in housing fairs sponsored by this organization. During the evaluation period, American employees counseled approximately 322 individuals, which resulted in 49 loans to low- and moderate-income individuals and families.

*Corpus Christi Literacy Council* – an American employee serves as a board member for this organization, which focuses on developing financial literacy programs for low- and moderate-income individuals.

*Habitat for Humanity of San Patricio County* – an American employee has served as Board Chairman for this organization, which focuses on affordable housing for low- and moderate-income individuals.

In addition to the above CD services, American has a full-time Mortgage Loan Officer who focuses primarily on affordable housing programs and assisting low- and moderate-income borrowers. Also, in response to the recent Hurricane Harvey, American collected non-perishable foods and other essential items for the Food Bank of Corpus Christi.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Austin AA and the Victoria AAs is not consistent with the "High Satisfactory" rating in the full-scope Corpus Christi AA. The bank's Service Test performance in the Austin and Victoria AAs is weaker than the bank's overall performance, but still considered adequate, meeting standards for "Low Satisfactory."

Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

In the Austin AA, American's retail delivery services are limited to two locations in Travis County, both of which are located in upper-income CTs. The new LPO is an area previously designated as a moderate-income CT, but in 2017, FFIEC and ACS designated this area as a middle-income CT. The bank does not have any branches in Williamson or Hays Counties, which are part of the bank's designated AA. Although branch offices are limited in this AA, the bank's alternative delivery channels help to provide reasonable access to essentially all portions of the bank's AA.

American's service activity in the Austin AA provides an adequate level of community development services. American employees in this AA participated in at least 25 service activities with organizations focused primarily on providing medical and other essential needs for low- and moderate-income individuals and the homeless. American also participated in one organization focused on free after school programs and financial literacy for low- and moderate-income students. Also, American participated in a seminar focused on providing educational assistance to small business entrepreneurs. The bank did not have any affordable housing related service activities in this AA.

In the Victoria AA, the bank's retail delivery systems were consistent with the full scope AA; however, service activities in this AA were limited. Bank employees served as board members with two organizations, one of which focused on providing scholarships to low- and moderate-income students and the other focused on essential services for low- and moderate-income children. The bank did not participate in any service activities in Goliad County; however, in response to Hurricane Harvey, the bank coordinated non-perishable donations for the Food Bank of Golden Crescent, which serves 11 counties, including Victoria and Goliad Counties.

## 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/2014 to 12/31/2016)	
	Investment and Service Tests and CD Loans: (09/13/2013 to 09/11/2017)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
American Bank, National Association (American), Corpus Christi, TX	Home Mortgage Loans Small Farm/Small Business Loans Community Development Loans Community Development Investments Community Development Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
ABNA Investments, Inc.	Owned by American Bank Holding Corporation	Investment in SBIC
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Corpus Christi MSA #18580 Austin MSA #12420 Victoria MSA #47020	Full-Scope Limited-Scope Limited-Scope	Aransas, Nueces, San Patricio counties Hays, Williamson, Travis counties Goliad, Victoria counties

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

### Corpus AA

Demographic Information for Full Scope Area: Corpus AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	102	8.82	23.53	37.25	28.43	1.96
Population by Geography	428,185	9.61	22.11	40.27	27.72	0.30
Owner-Occupied Housing by Geography	96,990	6.35	19.08	42.43	32.13	0.00
Business by Geography	25,070	14.54	18.15	38.46	28.57	0.28
Farms by Geography	834	6.12	13.79	45.08	34.77	0.24
Family Distribution by Income Level	106,714	24.55	16.34	17.84	41.27	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	43,634	15.37	29.96	40.71	13.89	0.07
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		52,664 58,800 17%	Median Housing Value Unemployment Rate (2010 US Census) Unemployment Rate (BLS August 2017)		114,368 3.66% 5.40%	

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

Source: 2010 US Census, 2016 FFIEC updated MFI, US Bureau of Labor Statistics (BLS)

This performance evaluation included a full-scope examination of American’s Corpus Christi AA, which includes the entire Corpus Christi MSA. The performance evaluation included an assessment of loan originations 2014 – 2016 within the Corpus Christi AA.

The Corpus Christi AA is comprised of the three MSA counties – Aransas, Nueces, and San Patricio County. The AA includes 102 tracts with 9 designated low-income, 24 designated moderate-income, 38 designated middle-income, and 29 designated upper-income. Two CTs have not been assigned an income classification. In 2017, the FFIEC adopted the 2015 ACS dataset for their census data. This information will be used for 2017 and going forward it will be refreshed every five years. The 2017 FFIEC and 2015 ACS data includes several changes to the CTs in the Corpus Christi AA. The updated information includes 105 CTs, four of which are unknown, six low-income CTs (6 percent), 29 moderate-income CTs (28 percent), 34 middle-income CTs (32 percent), and 32 upper-income CTs (32 percent). The low-income CTs where American’s offices are located were all updated to moderate-income CTs in 2017.

The Corpus Christi AA includes 67 percent of the bank’s branch network, 88 percent of the bank’s deposit base, and 82 percent of the bank’s reportable loan volume. The June 30, 2017 FDIC Deposit Market Share Report ranks American second in Corpus Christi MSA with 16.89 percent of the deposit market share out of 15 institutions in the market. American’s primary focus is commercial lending, which is reflected in their market share of reportable small business loans. American ranked eighth in 2015 with a 5.55 percent market share (by number) and third (by dollar volume) with 17.69 percent of the market share. Aggregate reportable CRA loan data indicated that at least 72 lenders originate loans to small businesses in this AA.



Based on 2016 peer mortgage data, American ranked 11th in residential loan originations with an overall market share of 2.27 percent (by number of loans) and seventh (by dollar amount), with a 2.73 percent market share. The bank's market share in 2014 and 2015 were similar. The peer mortgage data reported 397 mortgage lenders in this market.

Local banking competition is aggressive and includes affiliates of large national banking companies, regional banks, community banks, credit unions, mortgage companies, and non-bank financial service providers.

Major employment sectors in the Corpus Christi AA include government (Corpus Christi Army Depot, Naval Air Station, City of Corpus Christi), health care (Christus Spohn Health Systems, Driscoll Children's Hospital, Corpus Christi Medial Center), oil refining (Valero, CITGO), higher education (Texas A&M University-Corpus Christi, Del Mar College), retail businesses (HEB Grocery), and tourism. Port Corpus Christi is the fourth largest port in the United States in total tonnage (or volume) and a major gateway to international and domestic marine commerce.

American operates 12 full service branches and 18 ATMs. Eight branches and 14 ATMs are located in the Corpus Christi MSA. The distribution of the branches and ATMs in the Corpus Christi MSA are as follows:

- low-income CTs - two branches and four ATMs;
- moderate-income CTs - no branches or ATMs;
- middle-income CTs - four branches and six ATMs; and
- upper-income CTs - two branches and four ATMs.

According to 2010 U.S. Census Bureau data, population in the AA totaled approximately 428 thousand. Of the total population, 25 percent are low-income families, 16 percent moderate-income families, 18 percent middle-income families, and 41 percent upper-income families. Approximately 17 percent of households had income below the poverty levels. According to updated 2016 census data, 19.90 percent of persons in Nueces County had income levels below the poverty line. Nueces is the most populous county in the Corpus Christi AA, with approximately 79 percent of the AA population as reflected in the July 2016 census data. San Patricio is the next most populous county with 15 percent of the population, followed by Aransas County, with the remaining 6 percent of the AA population. The updated population estimate for the entire AA in July 2016 was 455 thousand, a 6 percent growth rate since 2010.

The 2017 Aqua Book, published by the Texas A&M South Texas Economic Development Center (STEDC), reflects that the Corpus Christi MSA experienced strong economic growth during the shale oil boom ending in early 2015. Despite limited oil and gas well drilling activity in the area, Nueces and San Patricio counties have suppliers and employers providing supporting services for oil and gas extraction in the nearby Eagle Ford Shale. The declining oil prices and production activity negatively impacted job growth and the local economy the past two years; however, a recent July 2017 report from Moody's Analytics indicates that the area is now experiencing a recovery from the lower oil prices and reductions in oil and gas drilling activity. Year-over-year job growth in the Corpus Christi MSA is accelerating and for the first time since 2011, job growth exceeded state and national averages. STEDC's report further states that the shale oil and natural gas supplies in South Texas have fueled construction of a record number of industrial plants around the Port of Corpus Christi. The increase in

construction employment has not only offset much of the impact from the oil and gas industry decline, but it has also helped increase employment growth in service sectors such as hotels, restaurants, and some professional services.

The STEDC report further indicates that while sales tax revenues have returned to 2012 levels, the business landscape has changed; some industries such as machinery manufacturers have scaled back, while other industries, such as health care and food services have continued to expand. HUD's Comprehensive Housing Market Analysis report in September 2016, also details expansion at both of the larger local hospitals as well as expansion in the leisure and hospitality sectors, which added jobs in 2016.

According to the US Bureau of Labor Statistics, the unemployment rate in the Corpus Christi AA in August 2017 was 5.4 percent, which is lower than the five year high of 6.8 percent in February 2017. The unemployment rate in the Corpus Christi AA, exceeded state and national averages, which were both 4.5 percent in August 2017. HUD's September 2016 market analysis projects continued job growth over the next three years related to completion of a 23 mile natural gas pipeline, adding approximately 250 jobs, and replacement of the Harbor Bridge, adding another 200 construction jobs through 2020. Also, construction job growth is anticipated from a proposed channel improvement project deepening the Port of Corpus Christi and from a proposed \$10 billion ExxonMobil petrochemical project in San Patricio County.

Reports from Moody's and the STEDC reflect that despite better job creation, the housing market is softening due to higher home inventories and the slowed pace of appreciation. Moody's reported that the housing supply surged in 2017 with an increase in previously foreclosed homes from the energy downturn as well as newly built homes, which has negatively affected home prices. Moody's report further indicated that prices had declined from the prior year, for the first time in five years. The number of listings increased 20 percent from a year earlier and homes are spending more days on the market, according to the Corpus Christi Association of Realtors. August 2017 reports from the Texas Association of Realtors and the Texas A&M Real Estate Center indicated that the sales volume for single-family residential homes declined 16 percent the past year, while the average sales price only increased 1.61 percent. The median price of \$185 thousand did not change over the past year, although the median price per square foot rose slightly from \$114 to \$115. The average days on market increased to 122 days. An analysis of market activity in February 2017 by the STEDC indicated that apartment vacancy rates had reached a historic high above 9 percent, compared to historical norms of 6 percent.

During the evaluation period, Hurricane Harvey made landfall within the bank's AA near Rockport, Texas as a Category 4 storm on August 25, 2017. Rockport is approximately 30 miles northeast of Corpus Christi. As reported by the STEDC, the official estimates and actual costs of economic damage are still unknown at this time, but media survey reports have indicated that damages could range from \$80 billion to \$108 billion, which would rank Harvey as one of the most costly natural disasters in the U.S. In the bank's AA, most property and infrastructure damages were caused by winds over 130 miles per hour and storm surges over 7 feet above ground. STEDC indicates that impacted areas could suffer a permanent decline in population and businesses. The report cites the Department of Labor, which indicates over 40 percent of firms that experience a major natural disaster will never re-open and over 25 percent of the remaining businesses close within two years. The bank's AA, primarily in Rockport, Port Aransas and surrounding coastal communities were severely impacted and

economic recovery will likely take years. According to FEMA and STEDC reports, preliminary surveys indicated that about 80 percent of homes and buildings in Rockport and nearby communities of Port Aransas, Aransas Pass, and Fulton were completely or severely damaged. As a result of this disaster, there are multiple opportunities in the bank's AA for economic re-development, revitalization, rebuilding of infrastructure, housing, small business loans, counseling, assistance with government guaranteed programs and grants, as well as other services to help meet essential needs of these communities. The STEDC report indicates that economic losses can be minimized by accelerating the recovery process through federal and/or state injection of financial capital or other forms of assistance to businesses.

OCC personnel contacted a city government organization in the Corpus Christi AA, which focuses on funding and utilization of community development block grants and other grant programs for emergency situations, affordable housing development, and home buyer assistance programs. Through this discussion, review of demographic information in the AA, and other public evaluations in the AA, the OCC found that there are opportunities in the AA to meet the identified needs for home improvement, affordable housing, assistance for first time home buyers, and multi-family development.

## 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.

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 not included as no applicable data was reported**)
- Table 2. Geographic Distribution of Residential Loans** - This table includes all residential loan products, home purchase, home improvement, and refinance loans and 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 not included due to inadequate volume to support meaningful analysis***)
- 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 not included due to inadequate volume to support meaningful analysis***)
- Table 8. Borrower Distribution of Residential Loans** – This table includes all residential loan products, home purchase, home improvement, and refinance loans and 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 not included due to inadequate volume to support meaningful analysis***)
- 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 not included, the bank's Consumer Loan volume is not significant and was not considered in this evaluation.***)
- 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.
- 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: AMERICAN BANK, NA						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area (2016):	% 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>												
Corpus AA	81.75	785	162,584	1,023	156,825	6	610	3	14,000	1,814	320,019	87.82
<b>Limited Review:</b>												
Austin AA	13.20	84	44,788	209	34,237	0	0	5	16,688	293	79,025	6.81
Victoria AA	5.05	17	3,666	66	12,975	29	1,204	1	2000	112	17,845	5.37

\* 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, 2016.

\*\*\* Deposit Data as of June 30, 2017. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Residential Loans**

Geographic Distribution: Residential Loans		Geography: AMERICAN BANK, NA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				Aggregate HMDA Lending (%) by Tract Income*			
Assessment Area:	Total Residential Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans				
<b>Full Review:</b>														
Corpus AA	785	88.60	6.35	1.27	19.08	2.68	42.43	41.02	32.13	55.03	1.50	7.10	39.59	51.80
<b>Limited Review:</b>														
Austin AA	84	9.48	4.64	1.19	16.22	10.71	37.53	25.00	41.60	63.10	3.21	16.38	40.83	39.58
Victoria AA	17	1.92	3.21	0.00	14.64	5.58	50.13	52.94	32.03	41.18	0.34	12.46	48.48	38.73

\* Based on 2016 Peer Mortgage Data -- US and PR

\*\* 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.

\*\*\* 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.

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



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

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016			Geography: AMERICAN BANK, NA								Evaluation Period: JANUARY 1, 2014 TO			
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Corpus AA	1,023	78.81	14.54	27.76	18.15	15.25	38.46	29.52	28.57	27.47	14.71	17.85	36.87	30.57
<b>Limited Review:</b>														
Austin AA	209	16.10	6.51	11.96	16.99	8.61	29.49	21.53	46.92	57.89	6.42	16.55	29.42	47.62
Victoria AA	66	5.08	2.85	4.55	19.84	4.55	49.56	50.00	27.58	40.91	4.23	19.94	46.92	28.91

\* 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 8. Borrower Distribution of Residential Loans**

Borrower Distribution: Residential Loans		Geography: AMERICAN BANK, NA						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016						
Assessment Area:	Total Residential Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>*</sup>			
	#	% 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>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Corpus AA	785	88.60	24.55	2.04	16.34	5.48	17.84	11.85	41.27	72.48	1.92	11.17	25.47	61.44
<b>Limited Review:</b>														
Austin AA	84	9.48	21.10	0.00	17.12	3.57	19.77	10.71	42.01	72.62	2.76	15.89	23.93	57.42
Victoria AA	17	1.92	23.14	0.00	15.92	11.76	19.72	17.65	41.21	64.71	4.10	14.75	23.68	57.47

<sup>\*</sup> Based on 2016 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 8.58% 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 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES JANUARY 1, 2014 TO DECEMBER 31, 2016				Geography: AMERICAN BANK, NA			Evaluation Period:		
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% 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>									
Corpus AA	1,023	78.81	80.84	45.94	64.81	19.16	16.03	5,988	2,784
<b>Limited Review:</b>									
Austin AA	209	16.10	85.57	56.46	55.98	25.36	18.66	42,218	21,025
Victoria AA	66	5.08	79.80	45.45	54.55	18.18	27.27	1,626	701

\* 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 11.56% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS 2013 TO SEPTEMBER 11, 2017		Geography: AMERICAN BANK, NA				Evaluation Period:		SEPTEMBER 16,	
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>									
Corpus AA	2	550	165	3,963	167	4,513	94.69	0	0
<b>Limited Review:</b>									
Austin AA	0	0	54	202	54	202	4.24	0	0
Victoria AA	0	0	15	51	15	51	1.07	0	0

\* 'Prior Period Investments' means investments made in a previous 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: AMERICAN BANK, NA			
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016																	
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>																	
Corpus AA	90.65	8	66.67	0.00	25.00	37.50	37.50	0	0	0	0	0	0	9.61	22.11	40.27	27.72
<b>Limited Review:</b>																	
Austin AA	7.31	2	16.67	0.00	0.00	0.00	100.00	0	1	0	0	0	-1	11.50	21.97	33.86	32.53
Victoria AA	2.04	2	16.67	0.00	0.00	100.00	0.00	0	0	0	0	0	0	4.65	20.96	49.27	25.13